



# EUROPEAN NEWS

## Sunday's polls will signal public opinion of 12 months of Socialist rule. Victor Walker reports

### Greece waiting still for promised radical change

MORE THAN 7m voters are expected to go to the polls on Sunday in the first trial of strength between the Socialist government and Conservative opposition since Mr Andreas Papandreu, the Greek Prime Minister, led his Panhellenic Socialist Movement (PasoK) to a sweeping victory in last year's general elections.

Sunday's municipal elections come just one day before the first anniversary of Socialist rule in Greece. Although the future of his administration is not at stake, Mr Papandreu would like to present the outcome as a renewal of popular confidence, despite a first year that can only have disappointed many of his more ardent supporters.



Prime Minister Andreas Papandreu... listing his achievements

At the end of this month the Government will begin negotiations with Washington on the future of U.S. military bases in Greece which PasoK, when in opposition, promised to close. To the disappointment of his left-wing supporters, removal of the bases is described as a "long-term strategy" as is Greece's eventual withdrawal from the Nato alliance—positions long adopted by Mr Papandreu, but only clear to those who read the small print of his speeches.

The Premier has yet to fulfil his promise to bring the October 1980 agreement to Parliament. By this the former conservative government returned Greece to the Nato military wing, ending a six-year walkout prompted by the Turkish invasion of Cyprus in 1974. Nor has Mr Papandreu moved to open "the Cyprus file"—a promised enquiry into the events in Greece preceding the coup against Archbishop Makarios, which led to the Turkish invasion.

Similarly, Greece's withdrawal from the EEC is now the least likely outcome of discussions in Athens and Brussels on the country's request for a better deal from its membership. The Government is more likely to settle for what it can get. But at least a moratorium with Turkey is still in place.

Economic and social issues will certainly play a part in the pattern of Sunday's voting.

After promising radical change and a re-distribution of the national wealth, the Government has been forced by recession into a policy of austerity and appeals for sacrifices and patience. By the end of November it will have to table a 1983 budget. This is certain to include new and higher taxes in an attempt to curb an expansion of the public sector deficit that last year stood at Dr 350bn (22.9bn) or about 15 per cent of GNP—and this year threatens to approach Dr 500bn.

In a recent speech to the young youth rally, Mr Papandreu offered his own list of achievements during the Government's first year:

- Holding two state jobs is now illegal;
- The exercise of trade union activities is being made easier and the right to strike extended;
- The co-operative movement in agriculture reformed;
- Improvement in the distribution of foodstuffs;
- Introduction of a degree of administrative decentralisation;
- Recognition extended to the Communist guerrillas who fought against Greece's occupation in World War II.

Specifically for young Greeks, he recalled the lowering of the voting age to 18, simplification of the school examination system and of the use of accents in written Greek, and improvement of the living conditions of conscripts. But, even if he had

added the introduction of civil marriage and removal of adultery from the catalogue of criminal offences, it would still have been a list falling some way short of the "changes to be felt by every Greek" he promised just a year ago.

Mr Papandreu can claim, with some justification, that he inherited a sick and dispirited economy. Marked by declining levels of industrial production and exports, investment had stagnated for several years and productivity was among the lowest in Europe. There was a 25 per cent inflation rate for three years in a row, a soaring public sector deficit and reserves in the Bank of Greece sufficient to cover little more than a month's import bill.

The past 12 months, however, have seen little sign of improvement. Indeed, some now argue that the policies of Greece's first Socialist government may have exacerbated the situation. The inflation rate is still above 20 per cent, and the Government has so far failed to establish the necessary climate of business confidence if there is to be a resumption of large-scale investment by Greek or foreign capital.

Businessmen are deterred by uncertainty over the extent and form of eventual Socialisation policies. Socialisation is currently discussed in terms of "supervisory councils" to be set up for major industries or sectors. They will consist of representatives of the labour force, the state, the local authority and the companies concerned.

The Government has enacted investment incentives legislation that, it claims, has set out the "rules of the game". Businessmen, however, will want to know more about the future role of the trade unions and tax, price and incomes policies, before going ahead even with basic modernisation investments.

The Government has said that foreign investment is welcome, provided that it fits in with wider aims involving the intro-

## Danish Government rejects pressure to devalue krone

BY HILARY BARNES IN COPENHAGEN

THE DANISH Finance Minister, Mr Henning Christoffersen, yesterday angrily rejected top-level advice to devalue the krone by up to 20 per cent. The Government was determined to avoid such a step, he said, and would seek instead to stabilise incomes.

The advice came from Denmark's Economic Advisory Council which cast doubt on the efficacy of the Government's programme and urged the devaluation to supplement the incomes policy.

The three joint chairmen of the Economic Advisory Council said in their autumn report that incomes policy alone was not enough. Only the considerable bonus to exports and import-competing industries that a large devaluation could provide was likely to get the economy moving.

A large devaluation, by removing the market's fears of further devaluations, would also pave the way for lower interest rates and reduce the current deficit account they said.

The chances of a four-party minority Government carrying its programme through, the Folketing (Parliament) appeared to lessen yesterday, however, when it voted on the Second Reading of a bill to abolish the indexation of wages. The tax-revolt Progress Party and the Social Democrats and other Socialist parties joined forces to defeat the Government.

The damage done to its programme can be repaired, however, before the Final Reading of this and other bills probably tomorrow but possibly next week.

## Watchdog group to guard Yugoslavs' basic rights

BY DAVID BUCHAN

THE YUGOSLAV Parliament is expected shortly to set up a watchdog commission to scrutinise the way citizens are treated by the SDB security service, according to the official news agency, Tanjug. Parliamentary review of state security police is unusual in Communist, and indeed many non-Communist countries.

Tanjug said a five-man commission would be given permanent powers to review "the methods and the means employed by the SDB in carrying out its tasks" and to check that the security service respects the basic constitutional rights of citizens. The Yugoslav Press has recently carried some criticism of SDB abuses.

The 1977 Belgrade review conference of the Helsinki Accords is thought to have played some part in sensitising non-aligned Yugoslavia to the issue of human rights. Establishment of the commission would be another mark of liberalisation in the country, particularly evident in more outspoken Press writing since the death of President Tito two years ago.

The federal Government has even been quite open in revealing some details of its security operation in the southern province of Kosovo, where it faces agitation from the ethnic Albanian majority demanding more autonomy.

## Lisbon brought to a halt by public sector strike

LISBON — A Communist-led industrial belt, according to a union official. The protest was also joined by workers in the Communist-dominated farm communes in the southern Alentejo region.

AP-DJ Diana Smith adds: The government majority in the Portuguese Parliament has passed the law setting up a Constitutional Tribunal. Composed of civilian jurists, the tribunal will have the power to rule on the constitutionality of new legislation, a function formerly performed by the Military Council of the Revolution, which was abolished by the recent revision of the 1976 constitution.

Parliament is moving quickly to push through several key laws that complement the constitutional review. With the creation of the Constitutional Tribunal, an important step towards liberalising the economy has been taken.

Lisbon's large shipyards were brought to a stop, as were steel foundries, chemical works and other big factories in the city's

## Turkish state to acquire specialty steels company

ISTANBUL — The Turkish Government has agreed in principle to take over the financially troubled Asil Celik, Turkey's only specialty steel manufacturer, in an attempt to save it from insolvency, the company said yesterday.

The move indicates that the Government will go ahead with a plan to bail out some private industries that are facing mounting economic problems.

The Finance Ministry said the Treasury would exchange Government bonds for shares in the company, a member of the Koc holding group but did not indicate the cost to the Government.

Asil Celik, which produces specialty steels for Turkey's car, farm vehicle and defence industries, is 25 per cent owned by Koc, a group of private banks has a 55 per cent interest, and International Finance Corporation has 2.5 per cent. Small investors own the remainder.

The company's financial problems stem from low capacity usage and an inability to repay \$60m in foreign-currency debt owed to the Turkish Government. Asil Celik invested the money in its Bursa plant in the mid-1970s on condition that it would repay its debt in Turkish currency at a fixed exchange rate of 1:165 to the U.S. dollar.

The Government, facing a severe shortage of foreign exchange, backed out of its currency-rate guarantee in 1978.

Now the company has to repay \$120 for every dollar owed, and as the lira continues to be devalued, Asil Celik's debt burden increases.

AP-DJ

## W. German apple growers bemoan their bumper crop

BY LESLIE COLT IN NOERDLINGEN

FROM SCHLESWIG to Friesland, West German orchards are bursting with succulent fruit in one of the most bountiful apple years in this century. But it is hard to find a local apple in a West German food shop filled mainly with Italian and French varieties.

Franz Mueller's food store in Noerdlingen, for example, sells three varieties of apple from northern Italy, although just down the road, an orchard is laden with crisp, juicy apples no one wants to pick.

Although the European apple glut has reached Opec-like proportions after a sun-drenched summer, one would never know it from the prices charged. The cheapest Italian Jonathan apples here cost DM 1.80 (44p) a kilo while Italian Golden Delicious sell for DM 3 (88p) a kilo. Apple growers in central Germany, however, are offering passers-by the chance to pick free as much as they can carry away. They say it would cost them more to hire pickers than the 30-50 pfennigs a kilo they receive from wholesalers.

"Prices are miserable for the apple-grower," says Herr Jakob Linden who has a 17-hectare orchard at Meckenheim near Bonn and is the chairman of a large fruit-growers' association.

West German apple growers and private gardeners are expected to produce a record 2.25m tonnes of apples this year out of a European Community total of 7.6m tonnes of commercially grown apples.

Herr Linden estimates that as many as 700,000 tonnes of West German apples will have to be sold at the EEC intervention price of 20.20 pfennigs a kilo.

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OVERSEAS NEWS

David Lennon discovers the strength of Jewish bonds with the 'limb of Israel'

Why West Bank settlers reject Reagan's plan

"THE connection between the Jews and the Land of Israel is like the connection between the soul and the body. When the soul is linked to the body it gives life to the body. In the same way the Jewish people give life to the Land of Israel." This is the motivation behind the Jewish settlement of the occupied West Bank and Gaza Strip, as explained by Mr Hanan Porat, who founded the first Jewish settlement established on the West Bank after Israel captured it from Jordan in the 1967 war.

Like most settlers he is worried about President Reagan's new proposals for granting self-government to the Palestinians living on the West Bank and in the Gaza Strip. These fears have been heightened by this week's talks in Amman between King Hussein of Jordan and Yasser Arafat, the PLO leader.

Mr Porat totally rejects the plan. He believes that the settlement programme of recent years and the work under way at present will make it extremely difficult, if not impossible, to impose a resolution of the conflict in the region which would split the West Bank off from the rest of Israel.

For Mr Porat, now a Knesset member for the extreme nationalists Tehiya Party, which recently joined the coalition, the West Bank—or Judea and Samaria as he calls it—is an inseparable part of the Land of Israel, the Eretz Israel of

the Bible. This is the land given to the Jews by God and now being reclaimed after 2,000 years in exile.

Many Israelis say that it is important to control the West Bank for Israel's security. Mr Porat uses that argument on occasion. Even if there was no security aspect involved, however, he would still insist that the Jews must settle the West Bank, because Judea and Samaria is an inseparable part of the Land of Israel.

So, too, is the East Bank, now the State of Jordan ruled by King Hussein, whose grandfather was given the land by the British mandatory authorities in 1922 in order to resolve a fight between the Arab tribes. Mr Porat and others believe that it, too, will eventually also revert to its rightful owners, the Jewish people.

In the meantime, they are prepared to see King Hussein deposed and a Palestinian government installed there, so that the issue of a Palestinian state can be resolved without Israel having to make any territorial concession in the "western Land of Israel"—that is, Palestine west of the Jordan river.

In September 1967 Mr Hanan Porat was instrumental in organising the first group of Israelis to move onto the West Bank to set up a Jewish settlement after the war. They went to a site a mile or so south of Bethlehem, where a Jewish settlement had existed for five

years before the war of 1947-48. The re-born Kfar Etzion is now the veteran of the new Jewish settlements.

During that first Arab-Israeli war 35 years ago the Arab troops overran and captured Kfar Etzion and three settlements which had been built alongside it. One hundred members of the settlement were killed in the fighting, as were another 50 members of the Hagana, one of the Jewish underground armies which tried to protect the village.

Mr Dov Knob, one of the founders of the original Kfar Etzion in 1943, was taken prisoner by the attacking Arab forces. Today he is a frequent visitor to Kfar Etzion, where his son is one of the members.

Explaining why the Jews returned to a place where so many had been killed, Mr Knob says "We fought and we went back because it was our home. Our children who left when they were very small, were educated by their parents that one day they would return."

Mr Porat was one of those children, and that was why he rushed back to Kfar Etzion in 1967, 19 years after it had been destroyed by the Arab forces. "You cannot compare the ties between the Jewish people and the Land of Israel with the ties between any other people and the land they live in," Mr Porat says.

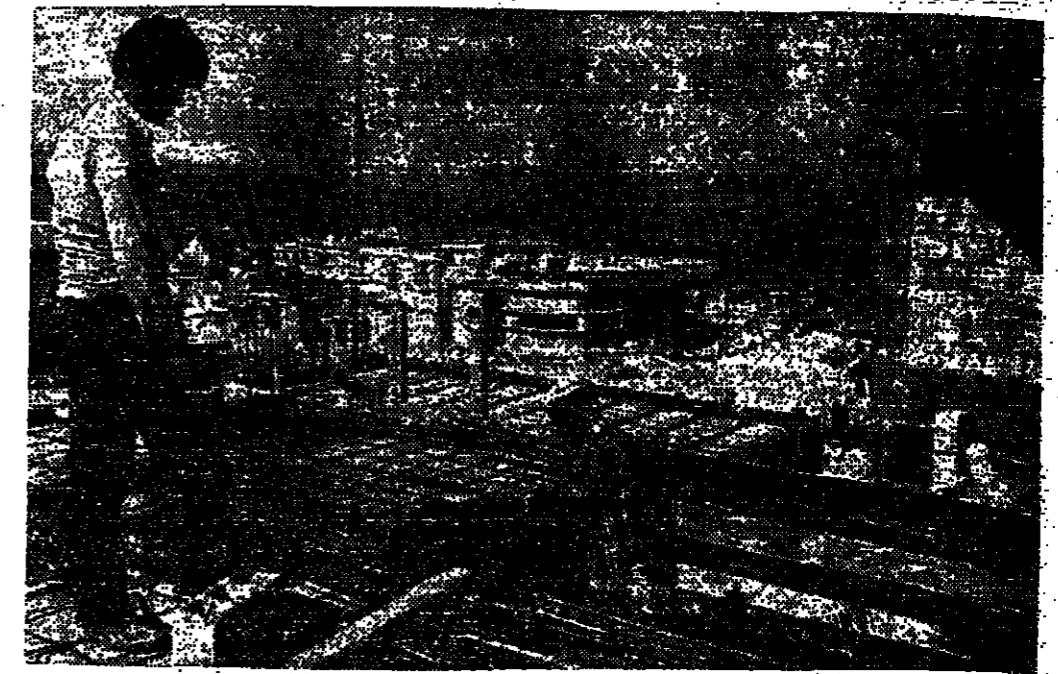
"The return of the Jews to Israel is a unique phenomenon which shows the spiritual connection between the Israeli people and the Land of Israel," he continues. "Living without Judea and Samaria was like living without one of our limbs. Now we have come back to Judea and Samaria and it would be a national crime to cut off this limb again."

This rejection of the Reagan plan is shared by all the Jewish settlers on the West Bank, most of whom also share Mr Porat's fervent religious belief in their right to live there.

Mr Larry Levy, aged 33, is the production manager of Kfar Etzion's metal works (EMW) which produces butane gas balloons and gas fittings. He came to the settlement from South Africa, where he was a member of a Jewish religious youth movement. In 1974 he settled at Kfar Etzion with his newly wedded wife. Today they have three children, all born in the settlement.

Very much aware of the fact that he is living in an area where there are 725,000 Palestinian Arabs who also have national aspirations, Mr Levy says the Jewish nationalistic feeling is strong and true and the desire to create something special in Israel exists.

"I don't think that the same drive exists with the Arabs in the area. They have national feelings, but theirs are not as strong as those of the Jews. So



Palestinian Arab workers build homes for Jews in the West Bank settlement of Ariel—reports now deny it was named after Israel's Defence Minister Ariel Sharon

I think a lot of them will find a more suitable way of life in other Arab countries where the culture is close to them," he continues.

Mr Levy objects to the idea of a PLO run state on the West Bank. "It's not as if the PLO are speaking about being displaced from the West Bank. The ones who want to return are those who want to go to Haifa and Jaffa. The reason they want to come back is to rule the country and replace the Jews. By rejecting the idea of a Palestinian state in Jordan they are trying to push us out."

It is to prevent just this happening that Israel has been building settlements on the West Bank for the past 15 years. The settlement drive has been intensified in the past five years, since Mr Menachem Begin came to power, and today there are over 100 settlements dotted throughout the West Bank, with a population of close to 250,000 Jews. Some of these settlements, like Kfar Etzion with its 70 families, have small populations, but many of the settlements now being built are designed as towns scheduled to have between 10,000 and 20,000 inhabitants.

Kfar Etzion was re-established on land which had been bought in the pre-state days, but the vast majority of the settlements are built on land expropriated for this purpose. Estimates vary, but Israel is believed to have expropriated between one third and one half of the land on the West Bank for its settlement programme.

For the settlers this does not present any ethical problems: they are not dispossessing another people, they are merely repossessing the land given to them by divine right.

There is also a unanimity of views as to why the U.S. and most of the world wants Israel to give up the West Bank. "It's anti-Semitism," explains Mr Shlomo Danziger, aged 33, who came from New York in 1970 with a group of religious Jews to settle in Kfar Etzion. "Estimates vary, but Israel is believed to

Directors of El Al expected to recommend closure

BY DAVID LENNON IN TEL AVIV

THE BOARD of directors of El Al, Israel's national airline, was expected yesterday afternoon to recommend the closure of the company because of the refusal of the staff to accept new principles for the airline's operation.

The Israeli Government, which is the main shareholder, will have the option of either dismantling the company or selling it to private investors. The Treasury said it is considering offers from a number of local and overseas investors interested in buying El Al.

If the Government accepts the board's recommendation, it will have a 21-day grace period before having to ask the courts to put the company in the hands of the Official Receiver.

It is possible that during that period, an arrangement may still be reached with the unions which would enable the airline to fly again.

The board yesterday tried to keep the place of its meeting secret because of fears that it might irritate El Al staff members who would try to disrupt the deliberations. Some workers have already threatened to sabotage airline equipment if the board decides to close the company.

The Histadrut federation of labour, which called out thousands of workers on a 24-hour warning strike on Wednesday in protest over the Government's handling of the dispute, has also warned it will not hesitate to take more extreme measures to block the Government's plan.

El Al has been grounded for over a month because of a dispute between management and labour over a re-organisation plan, which curbs the power of the union.

The management insists that the staff accept the plan before flights are resumed, while the unions insist they will only negotiate over the new proposals if the airline is first reactivated.

El Al is a test case for the Government's attempt to weaken the power of the Histadrut. The federation has made it clear it will call more strikes if the Government tries to carry out its threat to sell or dismantle the company.

El Al lost \$47m (£27m) on its operations last year and is believed to have accumulated debts running into hundreds of millions of dollars.

Closing the airline will face the Government with paying out huge sums in severance money to the 5,000 workers. The company's aircraft are leased from the Government.

Sri Lanka poll candidate warns army

By Mervyn de Silva in Colombo

THE OPPOSITION candidate in next week's Sri Lanka Presidential election, Mr Hector Kobbekaduwa, yesterday warned the armed forces not to compromise their political neutrality or carry out any "illegal orders" at the time of next Wednesday's election.

His warning followed the Government's announcement that it was invoking the Public Security Act as a precautionary measure. Under the Act, the army can be called in to help police maintain law and order.

After Sri Lanka's last two elections, in 1970 and 1977, there were serious outbreaks of violence and more than 100 people were killed.

South Lebanon explosion kills 3, wounds 19

KIRYAT SHEMONAN, Israel—An explosion in a marketplace in Southern Lebanon has killed three people and wounded at least 19, Lebanese Christian officials said.

The blast was believed to come from an explosives-laden car in the marketplace of Marjayoun, unofficial capital of an Israeli-backed enclave run by major Saad Haddad.

The explosion, near major Haddad's home, caused extensive fires and destroyed about 15 cars. A couple burned to death in their car and a child was killed in a shop, the officials added.

Major Haddad claimed the explosion was the work of Palestinian terrorists. AP

Committee set up to find successor to Suzuki

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE SEARCH for a successor to Mr Zenko Suzuki as leader of Japan's ruling Liberal Democratic Party, moved a step forward yesterday with the appointment of a three-man selection committee.

The committee consists of the Prime Minister, Mr Suzuki himself, Mr Takeo Fukuda, a former Prime Minister, (who will represent the "anti-mainstream" factions of the party), and the LDP Secretary-General, Mr Susumi Nikaido.

The committee is to meet today and will almost certainly start by considering the proposal that Mr Yasuhiro Nakasone takes over the leadership.

Mr Fukuda and other "anti-mainstream" leaders are known to be strongly opposed to Mr Nakasone. But the "anti-mainstream" group might conceivably be brought round by the offer of attractive posts in a Nakasone Cabinet.

If the committee can agree at today's meeting, Mr Nakasone is the man. Plans for a two-stage election for the leadership (for which nominations are due on Saturday) will be called off and the leadership crisis will have been virtually resolved.

If not, the election process may still have to be gone through. Mr Toshio Komoto, leader of one of the smaller party factions, would be a certain runner in the election and would almost certainly do well in its primary stage (in which all paid-up LDP members are eligible to vote).

He would still, however, be likely to lose in the run-off in which only the parliamentary Liberal Democratic Party would participate.

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سكنا لاصول

# Poll dampener on drive to boost Reagan support

By Anatole Kaletsky in Washington

PRESIDENT Ronald Reagan's handling of the U.S. economy has become the only issue in the forthcoming Congressional elections, according to many U.S. political observers. The opinion polls also suggest the President is failing to persuade Americans that Reaganomics should be allowed "to stay the course."

If President Reagan loses his effective control over Congress there could be grave confusion and, ultimately, a damaging deadline over economic policy in the two years ahead.

Media reactions to President Reagan's eloquent defence of his economic policies on television on Wednesday night have not focused on its substance. Instead, comment has concentrated on the alleged inappropriateness of using the power of the presidential office to extract 30 minutes of free, prime-time television from the networks for party political purposes.

Meanwhile, a nationwide opinion poll conducted last week and published yesterday gave the Democrats a 60-40 lead among respondents who said they were likely to vote in the November 2 elections. It showed that a two-to-one majority of Republican economic policies hold greater dangers for the nation than Democratic ones.

Political analysts are reluctant to project the number of Congressional seats likely to be gained by the Democrats from the voting margins shown in opinion polls, partly because of complex demographic and district boundary changes since the 1980 elections. But the swing of 20 seats or more in the House of Representatives which the Democrats need to overturn, President Reagan's effective control of the congress can not be ruled out.

Crudely extrapolating a 60-40 voting margin in favour of the Democrats would give them a gain of more than 30 seats, according to some estimates.

In response to President Reagan's speech on Wednesday, Senator Donald Riegle of Michigan, the Democratic spokesman, said the President had lost in the present international trade war. He condemned excessive defence spending and called for policies to produce interest rates that "people can afford."

Mr Riegle joined other Democratic leaders in strongly criticising the Federal Reserve board. He claimed it had lowered interest rates just before the election because it was "scared to death" of the damage that its "long, dangerous experiment with tight money" had caused.



PRESIDENT REAGAN: "stay the course"

In fact Congressional action to bring the Fed under closer political scrutiny and control is still a real threat. The Fed's governors and Mr Paul Volcker, its chairman, are known to be concerned that the "jame duck" session of Congress which will reassemble late in November to deal with unfinished business from the current Congressional term may reopen the question of legislating new controls on the Fed. A decisive victory for the Democrats in the elections could make such measures irresistibly attractive.

# IMF talks in Mexico hit delay

By William Chislett in Washington

MEXICO has not yet delivered its letter of intent to the International Monetary Fund, despite reports from Mexico City that agreement has been reached.

Fund officials in Washington said that the IMF mission was still in Mexico City negotiating a \$4.5bn (£2,626bn) fund facility and that it was not expected to return this week. This means that the remaining \$1.2bn of the \$1.85bn bridging finance from Western central banks—which Mexico urgently needs to ease it over its \$80bn debt crisis—has yet to be released.

Central banks last month made further drawings conditional on Mexico making real progress in its negotiations. Senior Mexican Government officials said earlier in the week that the IMF mission was due to return to Washington on Tuesday with a draft letter of intent.

The delay in the letter of intent confirms that the issue at the heart of the negotiations—the degree to which Mexico will reduce the massive deficit in its public sector budget—has not been solved.

It is understood that the IMF originally wanted Mexico to reduce the deficit from 17 per cent of gross domestic product this year to 6-7 per cent next year.

# U.S. awash with strategic oil lakes

SITTING in his cool air-conditioned office in the steamy suburban sprawl of the Huey P. Long Bridge area of New Orleans, Mr Curtis Johnson mused: "Someone will be wondering one day what kind of civilisation preserved tractors and earth-moving equipment deep underground in crude oil."

The crude oil in question is part of the U.S. Government's strategic petroleum reserve—the most ambitious programme of its kind by any country but one regularly shaken by controversy. Established in the mid 1970s after the 1974 oil crisis, the programme is designed to create a 750m barrel crude oil reserve to protect the U.S. from any sudden cut in foreign oil supplies. The U.S. is now consuming some 15m barrels a day (b/d), 4m b/d of which is currently imported, down from a peak of 8m b/d in 1979.

Already the reserve has accumulated more than 275m barrels of oil. The crude oil, according to Mr Johnson, the project's manager, is currently being pumped in at the rate of 220,000 b/d, down huge underground caverns in the salt domes of Louisiana and Texas. "In most cases we are digging new caverns to store the oil. But at Weeks Island in Louisiana we have been filling part of a conventional salt mine no longer being mined, with crude. It was too expensive to bring the equipment up. So we are simply leaving it down there with the oil."

The cost of creating the reserve is currently at the centre

After the drought of the Carter years the salt mines of Louisiana are steadily filling with oil, writes Paul Betts, as the Reagan Administration boosts U.S. stockpiles of petroleum.

of a spicy row. There have been suggestions that controls on contractors have not been as tight as they should have been, leading to cost overruns and unreasonable expenses. More seriously, there have been allegations that in the early days of the reserve, the Government acquired more expensive "sweet" or light gravity crude which somewhere along the supply line was switched for cheaper "sour" or heavier gravity crude. The heavy crude was then pumped down the salt domes instead of the sweet crude. Mr Johnson claims that all these allegations have proved to be unfounded and that government enquiries have cleared these issues.

Such allegations are only part of the daily headache of managing the reserve. At the beginning, the main problem was being able to acquire any oil at all for the stockpile. Indeed, the former Carter Administration stopped buying oil altogether for the stockpile under pressure from its European allies and Saudi Arabia. The concern of the Europeans was that U.S. Government purchases on the spot market were pushing already high oil prices higher. The Saudis and the other Opec moderates argued at the time that the reserve displaced the U.S. from the far

more important goal of conserving energy.

For one and a half years until President Reagan was elected we didn't put any oil down in the ground," Mr Johnson said. The reserve contained barely 90m barrels of oil at the time. Since then, however, the stockpile has been filled at record rates.

Under new energy preparedness legislation the stockpile should be filled at a minimum rate of 300,000 barrels a day. Mr Johnson acknowledges that at that rate he would soon run out of space.

Unlike the Carter years, there is little if any international pressure against U.S. Government purchases of oil on the spot market. Indeed, with depressed prices it could not be a better time to buy oil on the market and the Government has even bought a sizeable quantity of Iranian oil this year at a bargain price of about \$28 a barrel. Recently, the U.S. Government decided to increase its purchases of Mexican crude for the reserve to help the troubled Mexicans.

The renewed emphasis by the Reagan Administration on filling the reserve swiftly has put pressure on Mr Johnson to provide the necessary capacity in the salt domes to accommodate the increase in the oil flow for the

stockpile. In turn, this has meant additional construction work and additional costs. But Mr Johnson also emphasises that at the end of July this year there were 26m barrels of oil in the reserve bought at a net cost of \$6.9bn.

At a current market value of about \$33.25 a barrel (below the Saudi market price of \$34 a barrel), the oil in the reserve is worth \$888m. "And that's not a bad profit," says Mr Johnson, adding that this could not be a better time to buy oil at a relative bargain price to fill the reserve.

The row about the reserve's costs appears to be abating, although one never knows when it will erupt again. But a more profound controversy is brewing in Washington on the strategic oil stockpile. The problem troubling Administration officials, politicians and industrial leaders alike is what happens to the oil in the event of a crisis? At present there is no policy in place for distributing the oil should there be a sudden disruption in foreign oil supplied to the U.S.

In any event, the salt domes in Louisiana and Texas are strategically located in a region which is fast becoming the country's major refinery area and oil distribution centre. And the stockpile, which Mr Johnson suggests will ultimately hold as many as 10m barrels of oil, will clearly act as the emergency lifeline to keep this concentration of refineries and pipeline systems operating.

# Work completed on Brazil-Paraguay dam

By Andrew Whitley in Rio de Janeiro

THE PARANA River, second in length only to the Amazon in Latin America, has been blocked off permanently at the point where it forms the border between Brazil and Paraguay by a wall of concrete and steel four miles long and 600 ft high.

Behind the dam, one of the world's most ambitious engineering projects, the river's waters are now rising at a rate of over 3 ft an hour to form a lake which within weeks will be larger than Switzerland's Lake Constance.

The closing of the massive sluice gates in the early hours of Wednesday morning marked the end of civil works on the Itaipu dam, the centre piece of a two-nation hydroelectric scheme designed to produce an eventual 12,600 MW of power, at an estimated total cost today of \$18.5bn (£10.5bn).

On November 5, Presidents Joao Figueiredo of Brazil and Alfredo Stroessner of Paraguay will formally inaugurate the dam—a cause of lengthy disputes in the past with Argentina, downstream on the Parana, because of the alleged effects Itaipu will have on navigation on the lower part of the river.

Even at this late stage Argentina has shown recent signs of discontent with the 1979 treaty

signed with its two neighbours governing waters to be released. Completed on schedule after seven years' work, the engineering triumph is sored by the knowledge on the part of both the Brazilian and Paraguayan Governments that recession and



ITAIPU

a falling demand for electricity in the industrialised south-east of Brazil have transmuted the economics of the project for the worse.

Construction of the high-voltage transmission lines between Foz do Iguacu, the Brazilian town next to the dam, and the Sao Paulo conurbation is running six to 12 months behind schedule.

# Chile seeks UK help in privatisation

By Hugh O'Shaughnessy

CHILE HAS extended a general invitation to British companies to help to run the country's public utilities on a commercial basis, as part of the campaign drastically to reduce the public sector.

The Chilean authorities have pledged that any British company which wanted, for instance, to build a power station on its own account in Chile would be allowed to sell its energy on the national grid. Similarly, British companies wanting to take over the distribution of water in Chilean cities would be welcome.

The London-registered Antofagasta (Chile) and Bolivia Railway Company for many years has supplied water to towns in Northern Chile—last year the total was almost 4 cubic metres.

The Pinochet Government plans to privatise the state railway network and is seeking companies to operate the main trunk route from Santiago to the southern city of Puerto Montt.

# Costa Rica nears deal on debts

By Peter Montagnon, Euromarkets Correspondent

COSTA RICA'S international bank creditors hope to sign an agreement rescheduling their part of the country's \$3bn (£1.75bn) foreign debt by mid-December.

This follows progress made by Costa Rica in reaching an agreement with the International Monetary Fund on a \$100m one-year standby credit. A telex sent by the steering committee of creditor banks to other bank creditors yesterday said the IMF agreement could be signed and the funds partially disbursed by late November. This would lead to a further inflow of \$435m in multi-lateral and bi-lateral aid.

The telex said the steering committee has drafted an outline agreement for restructuring the commercial bank debt, which includes a suggestion for the treatment of past due interest payments.

These could be handled in a similar manner to Poland's interest payments, part of which will be recycled into the country in the form of short-term trade credits, the telex suggested.

# El Salvador warned

SAN SALVADOR—Left-wing guerrillas say they have attacked four more towns, and have vowed to step up their attacks on military and civilian transport.

Reports from the rebels and the government after four days of fierce battles indicated at least 43 soldiers and 32 rebels have died.

The round of fighting, which appeared to be the biggest guerrilla offensive in months, started on Sunday when rebels attacked the town of Las Vueltas, 50 miles north of the capital.

Four explosions on Wednesday night wrecked a number of telephone switchboxes in the south-side and central sections of the capital but no one was reported hurt, police said.

One explosion was only a couple of blocks from the presidential residence.

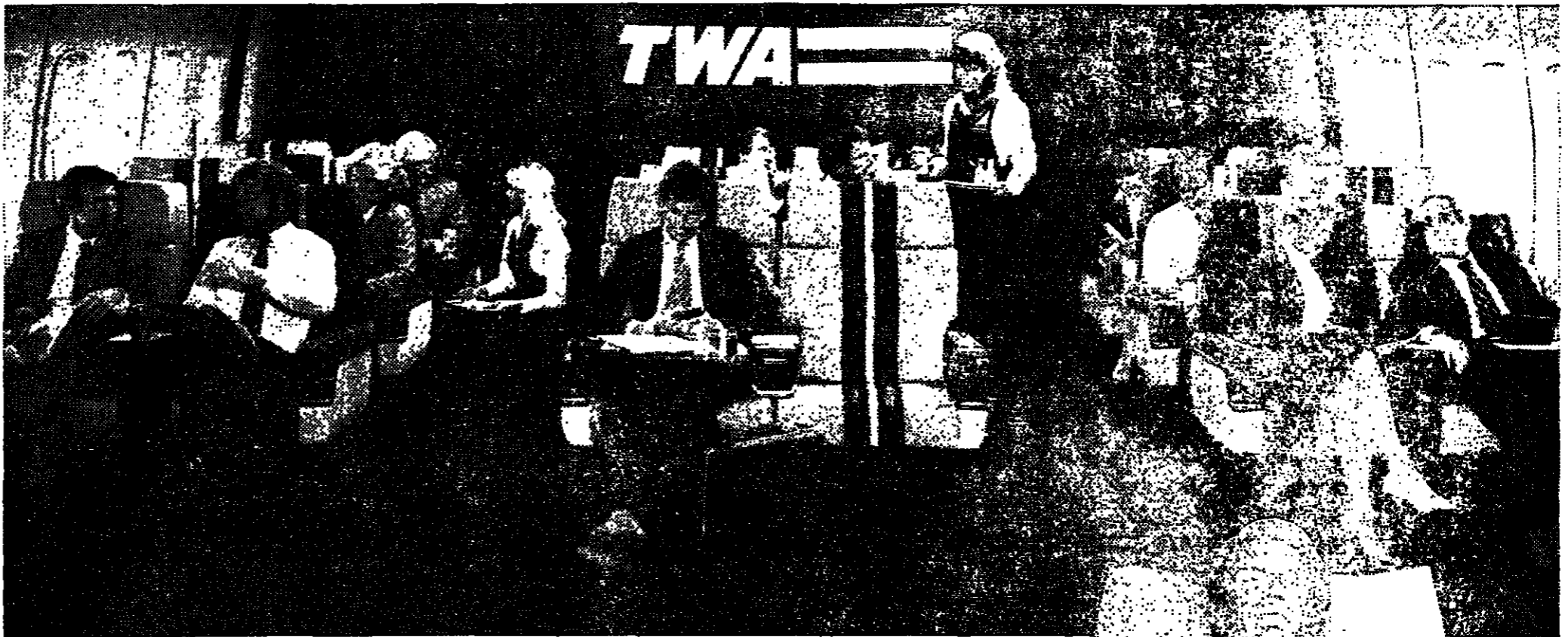
The underground rebel station Radio Venceremos, meanwhile, warned that government transport will be sabotaged. It said all traffic should stay off the highways from today.

AP

**IMF commitments**

In the edition of Wednesday October 13 the International Monetary Fund was reported as forecasting it would make fresh commitments of SDR 8.6bn (£5.4bn) in the next six months and a further SDR 7bn by April. This last date should have been April 1984.

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WORLD TRADE NEWS

U.S. rules on steel rail import cases

WASHINGTON—The U.S. International Trade Commission, voting on seven steel rail import cases, has ruled that such imports from West Germany, France, Luxembourg and the UK may be injuring domestic steel producers.

The ITC decisions in these Anti-dumping Act and countervailing duty cases, mean that the U.S. Commerce Department will continue to investigate charges that the foreign-produced steel rails have benefited from foreign Government subsidies and are reaching the U.S. market at unfair prices.

A similar complaint involving imports from Italy was dismissed earlier, ITC officials said. U.S. imports of steel rails totalled about \$95m last year from all foreign suppliers, with West Germany accounting for \$28m of this total.

The ITC and the Commerce Department will determine later whether penalty duties should be imposed to offset the foreign government subsidies or sales of steel rails to U.S. buyers at less-than-fair prices.

Why Japan's motor industry enjoys S. African success

BY BERNARD SIMON IN JOHANNESBURG

THE JAPANESE motor industry's success in Western European and North American markets seems modest beside the startling growth that Toyota, Datsun-Nissan and Mazda—and to a lesser extent Mitsubishi and Isuzu—have achieved in South Africa in the last few years.

Ironically, both Toyota and Datsun South Africa are locally-owned groups. Japan prohibits direct investment by its companies in South Africa, and the vehicles are thus manufactured under licence.

Other Japanese models are assembled locally by Sigma Motors, the Anglo-American Corporation subsidiary (in which Chrysler has a small stake) which produces Mazda and Mitsubishi vehicles, as well as Peugeot and Citroën. General Motors assembles Isuzu trucks.

Ironically, both Toyota and Datsun South Africa are locally-owned groups. Japan prohibits direct investment by its companies in South Africa, and the vehicles are thus manufactured under licence.

Other Japanese models are assembled locally by Sigma Motors, the Anglo-American Corporation subsidiary. Toyota's Hiace minibus costs R1,200 less than Volkswagen's cheapest microbus.

smallest VW, Ford or General Motors model. Honda and Datsun hope to sell about 1,500 a month between them, equivalent to just over 6 per cent of total passenger vehicle sales.

Siemens wins telephones deal

JAKARTA — Siemens of West Germany has won a \$170m (£100m) package of contracts to bring push-button telephoning to Indonesia.

The Government named Siemens over nine other international telecommunications companies to build Indonesia's first digital telephone system.

Industry officials say the Siemens deal will give the West German company a huge jump on its competitors in supplying Indonesia's future telephone needs, expected to be enormous by the end of the century.

Plan to double LNG exports. JAKARTA — Dr Subroto, Indonesia's Minister of Mines and Energy, said that the country would double exports of liquefied natural gas (LNG) to Japan from an annual 7.5 tons to 14m tons from 1984.

Indonesian oil contract fears 'unfounded'

BY RICHARD COWPER IN JAKARTA

FEARS that some foreign companies operating in Indonesia might be obliged to accept stiffer contract terms as a result of the government's renegotiations with the country's largest oil producer are unfounded, according to Professor Dr Subroto, Minister for Mines and Energy.

Under the new system, General Jurdo said, Caltex, which accounts for about half of Indonesian oil production, would be allowed to take out a larger share of the oil it mined in Indonesia as profits after deductions for development and production costs—because it produced more than 500,000 barrels per day.

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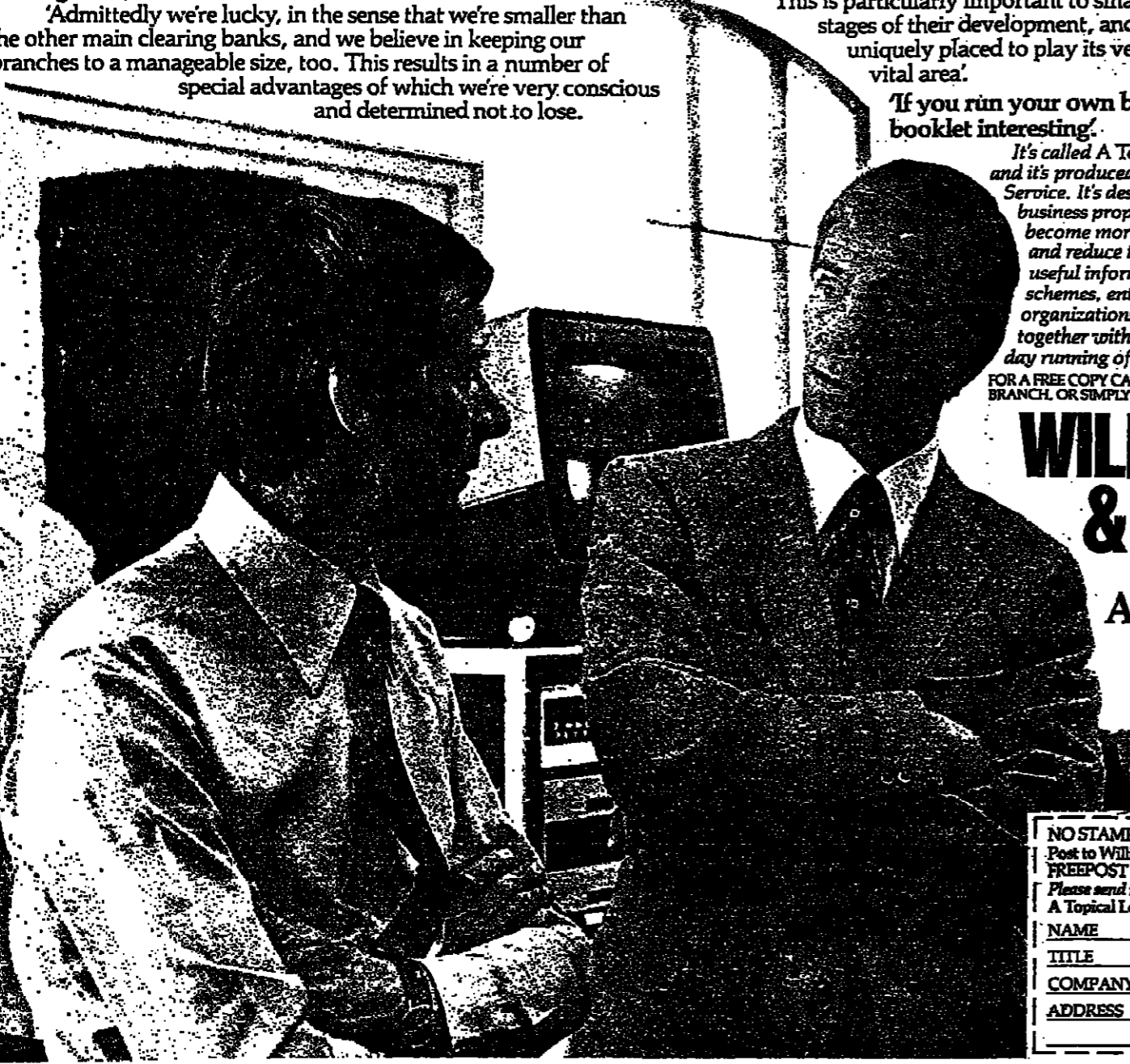
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Sulzer wins \$20m Saudi order

SULZER BROTHERS, the Swiss engineering concern, has received an order worth some \$20m for 28 large-scale water transport pumps for Saudi Arabia, writes John Wicks in Zurich.

The pumps will be used by Saline Water Conversion Corporation, of Riyadh, to transport drinking water from the Shu'aba desalination plant south of Jeddah over 150 kms to Mecca and Taif.

W. German concern

West Germany's Industry Federation (BDI) is concerned by a 18 per cent drop in exports to China during the first eight months of 1982, AP-DJ reports from Cologne.

Trade surplus hopes

The U.S. registered a \$32.1m balance of trade surplus with Saudi Arabia in the first half of 1982, and appears to be heading for its first full-year trade surplus in a decade, AP reports from Jeddah.

Iran contract

Iran signed a \$2.5m contract with East Germany yesterday for the purchase of two power stations, according to the Iranian national news agency Irna.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions, including A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

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Vertical text on the right edge of the page, including 'Denn...', 'Reag...', 'pipeli...', and other fragments.

سكس ايل ايس

Denning criticises Reagan on pipeline

LORD DENNING, the recently retired Master of the Rolls, yesterday spoke out against Mr Ronald Reagan, the U.S. President for imposing sanctions on companies supplying raw materials for the Siberian gas pipeline.

CBI report to urge more positive policies on jobs

By JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Confederation of British Industry is to urge companies to two weeks to adopt more positive policies for dealing with unemployment.

It will ask companies to consider making more use of Government aid through the job release, youth training and other special schemes, and to introduce their own arrangements for early retirement on a flexible basis.

A film on the problems of unemployment has been made by the CBI and paid for by the National Westminster Bank. It will be shown to the conference which is expected to be attended by over 800 business people.

Bearings maker to cut 800 jobs

By Peter Bruce

SWEDEN'S SKF group, the world's biggest bearings manufacturer, has decided to streamline its money-losing UK subsidiary and shift some 25 per cent of the value of production to the Continent.

SKF said yesterday that it planned to cut the workforce by 800 over a two-year period of reorganisation. Most of these jobs would be lost at the company's main plant in Luton, but a small component factory at Irvine, Scotland, would be closed.

The job losses are more than 40 per cent of the workforce. It will stop making taper and cylindrical roller bearings in the UK, and concentrate on modernised ball and spherical bearing manufacture in Luton.

Investors swarm to buy shares in STC

By JASON CRISP

BRITISH investors, captivated by high technology companies, have swarmed to buy shares in Standard Telephones and Cables which represents one of the most direct ways of investing in telecommunications.

Investors have until 10 am today to apply for 40 per cent of STC's shares at 82.5p. Its quoted shares closed at 60.2p last night.

STC becomes a British company again with IIT holding a minority stake of 35 per cent. Overshadowing the share sale was the announcement that STC was to withdraw from the development and manufacture of System X, the advanced family of digital public exchanges which will modernise British Telecom's network.

Interferon supplied free for trials on patients

By David Fishlock, Science Editor

INTERFERON produced by genetic engineering has become so cheap to make and purify that it is to be supplied free for trials on patients starting this year.

This was said yesterday by Dr Walter Gilbert, the Nobel-prize-winning chairman of Biogen.

Biogen is an international biotechnology research company whose corporate investors include Grand Metropolitan, Inco and Schering Plough.

Dr Gilbert told institutional investors in London, that no-one had yet demonstrated conclusively that interferons could cure illness. But Biogen had met one of the targets claimed for interferons in the late 1970s—that by genetic engineering it would make a drug—then almost unobtainable—cheaply and readily available.

TWA cuts fares

TRANS WORLD AIRLINES yesterday announced cuts in fares from the UK to U.S. cities. From next April 1, the airline will be offering Advanced Purchase Excursion return fares between London and San Francisco and Seattle of \$448, compared with \$538 this summer.

The cuts follow those announced by TWA late last week. Mr Laurence H. Langley, TWA's general manager in the UK, said the airline believed trans-Atlantic air fares had been too high this summer.

On short-time

MORE than 1,300 workers were put on short time from last night at Perkins Engines of Peterborough, the world's second biggest diesel engine manufacturer.

The company has been using short time working for the past three months to cope with falling demand. Last week 600 workers were laid off some shifts.

Plan for De Lorean

THE receivers of De Lorean Motor Cars are expected to reveal within the next few days whether a re-financing package for the Belfast assembly operation can be put together.

The receivers and the Government have been considering proposals put forward by Mr John De Lorean, chairman of De Lorean Motor Company, and a group of unnamed U.S. investors.

Former Howden directors hit back

By JOHN MOORE, CITY CORRESPONDENT

FOUR former directors of Alexander Howden Group, accused by the U.S. owners of Alexander Howden, Alexander & Alexander Services, of misappropriating \$55m (£32m) of Howden group funds, yesterday hit back at the allegations.

Mr Kenneth Grob, former chairman of Howden, Mr Allan Pate, Mr Ronald Comery, and Mr Jack Carpenter, former executives, said yesterday through their lawyers, Theodore Goddard, that they had taken advice from leading counsel.

"They have answers to each and every allegation which has been made against them. They are anxious to put forward and prove their answers," said their lawyers.

That litigation is pending" and that a Department of Trade inquiry into Howden is to take place "it would be improper for them to make any public statement at this stage, and they must first do so before the proper tribunal and the (Trade Department's) inspectors."

"They have accepted this advice with regret since they have been subjected to a great deal of adverse publicity which they are in a position and would wish to dispel. Our clients wish us to make it clear that this advice is not a waiver on their part of any right which may have arisen to pursue all their remedies in respect of allegations and insinuations so widely publicised."

Mr Ian Postgate Howden's former star underwriter who was sacked by Alexander Howden Underwriting, the agency company and part of Alexander & Alexander, is suing the U.S. group over his dismissal. The Americans have alleged that he was involved in the misappropriation of Howden funds.

Mr Postgate is claiming a declaration that his dismissal was ineffective on the grounds that the agency company's agreement to sell the voting shares to Alexander & Alexander "was a sham." Alternatively he is claiming damages for wrongful termination of his employment.

Stype argues for Jersey hearing of Clore case

By RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE COURTS of Jersey, rather than England, were the natural forum for disputes over the estate of the late Sir Charles Clore, counsel contended in the High Court yesterday.

The bulk of the estate's assets, and the company holding them—Stype Investments (Jersey)—were on the island, where there was already substantial litigation in progress, said Mr John Knox, QC.

He was arguing for Stype that the Official Solicitor, the administrator of Sir Charles's English estate, should not be allowed to serve English legal proceedings on Stype in Jersey.

Mr Justice Whitford will give his judgment on Monday. Mr Knox said that the main Clore creditor, the Official Solicitor had to pay was the Inland Revenue, which claimed £27.24m capital transfer tax on Sir Charles's free estate.

make no difference whether the remaining litigation was dealt with in Jersey or England, and since Stype and the estate assets were in Jersey, the island would be the logical choice, said Mr Knox.

Mr Donald Nicholls, QC, for the Official Solicitor, said if it were held that Sir Charles had died domiciled in England, the whole of his worldwide estate would be liable to tax, which Stype's assets in England would be insufficient to meet.

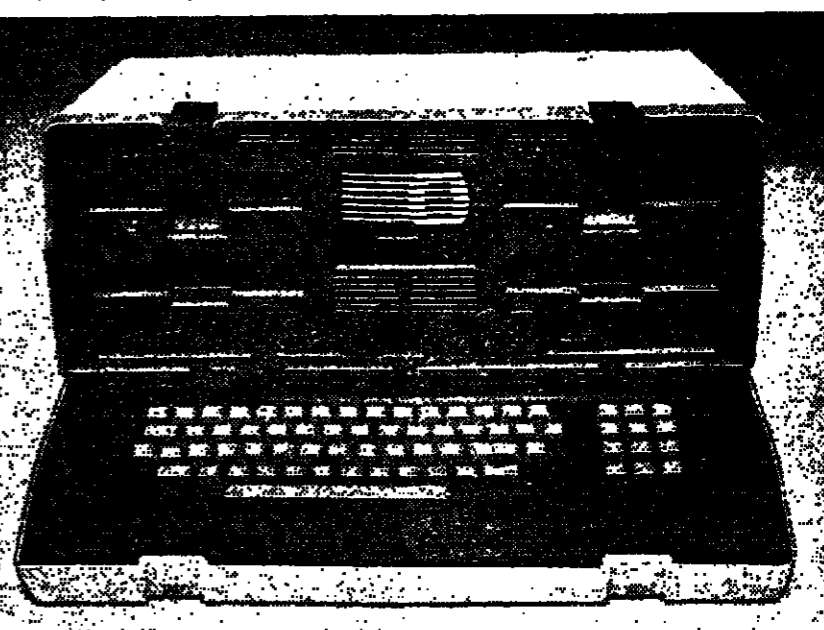
Apart from that, the Official Solicitor was not a "front man for the Revenue." His duty was to recover Clore assets for the benefit of the estate. His legal standing to sue in Jersey was being challenged and Stype was doing his best to stop him being appointed administrator of the estate in the island.

It was therefore not certain that he would be able to sue in Jersey, and if he could not serve the English proceedings on Stype he would not be able to proceed against the company at all.



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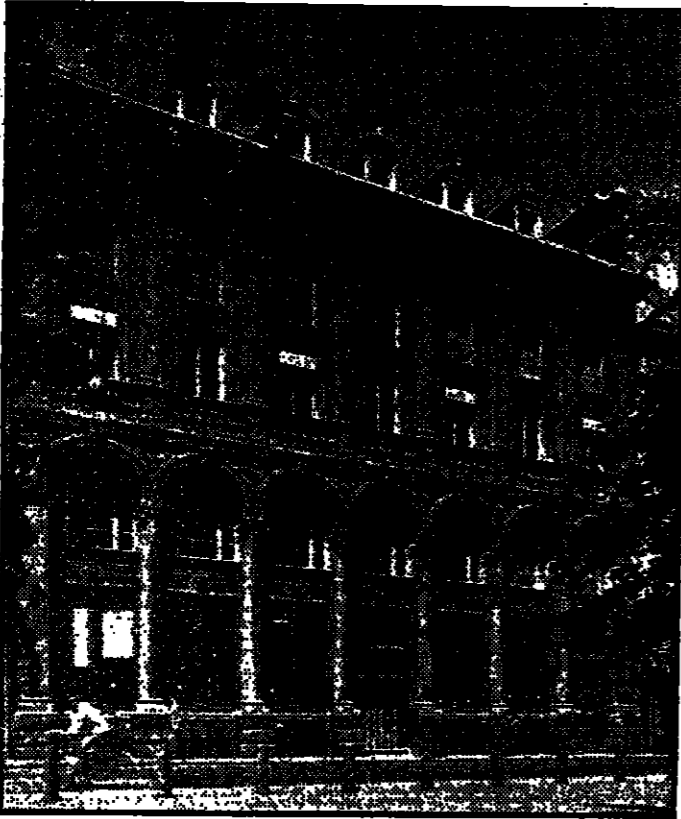




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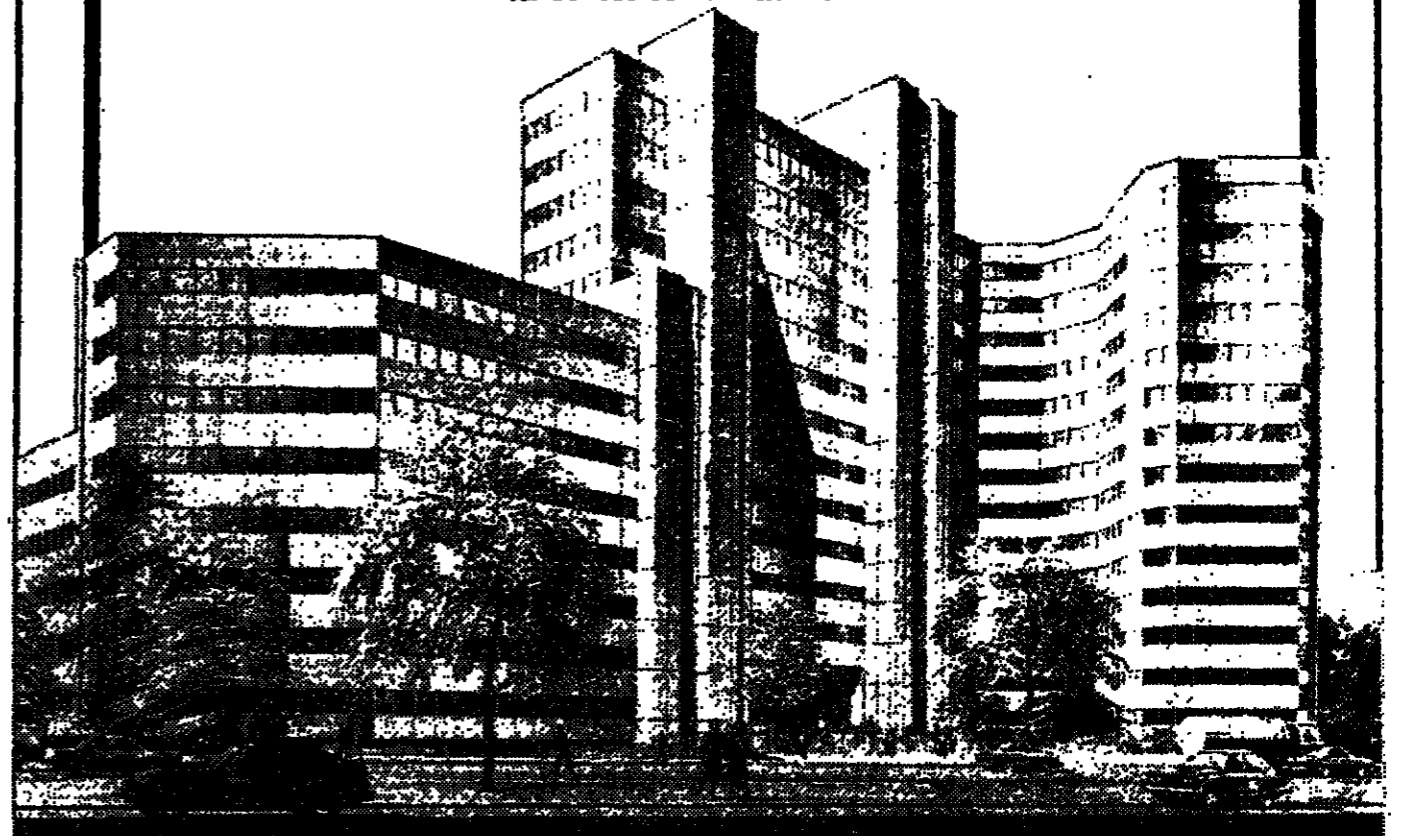
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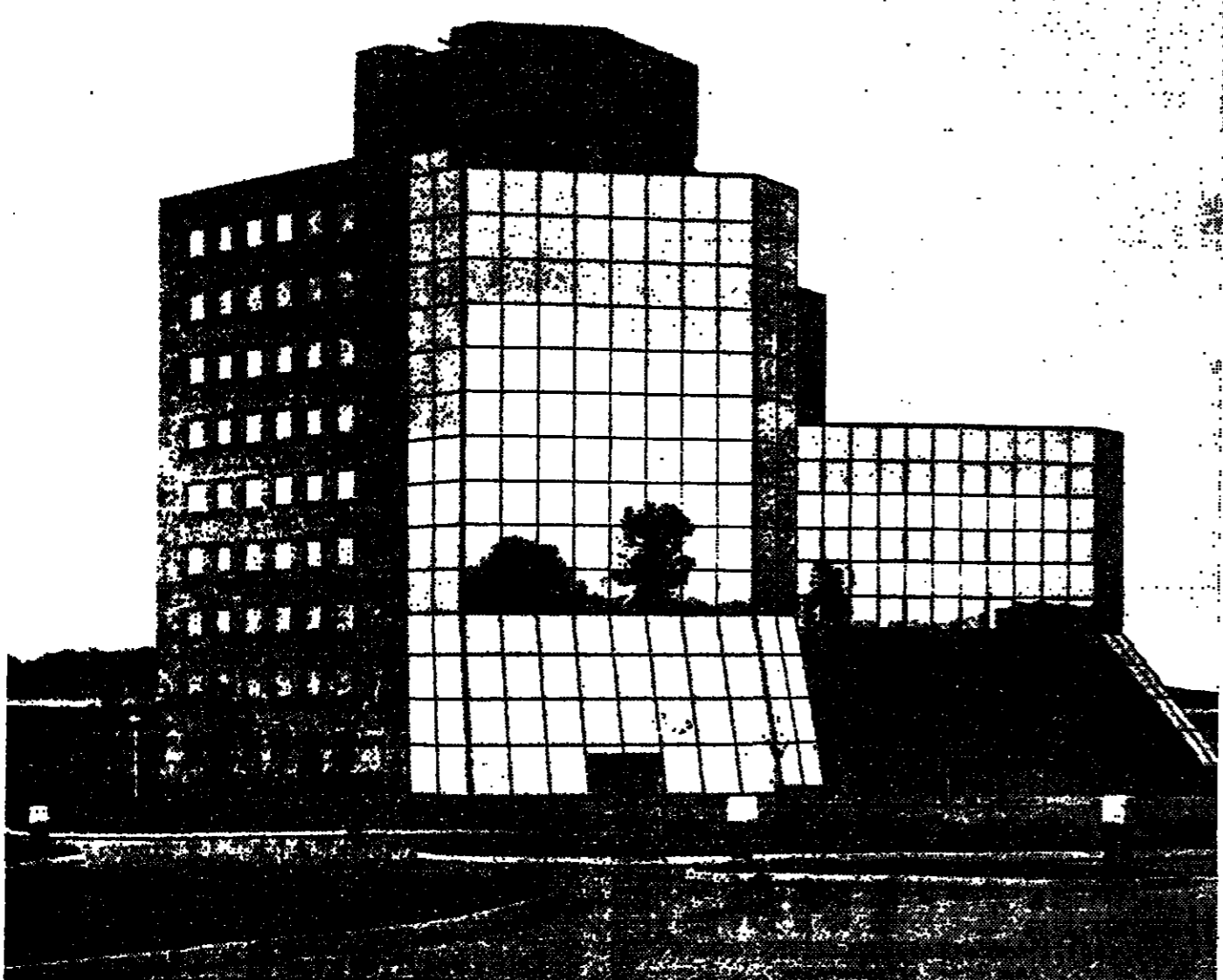
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# THE MANAGEMENT PAGE

## Strategic doctrine under fire

BY CHRISTOPHER LORENZ

PETER DRUCKER has been demolished before, and the Boston Consulting Group battered, but surely never to the accompaniment of a happy hour pianist rendering of George Gershwin.

Igor Ansoff has held forth about "business strategy," a concept that he invented, more often than you and I have had hot dinners, but never to the sound of an oompah-band in the room next door.

The organisers of a high-powered conference on "exploring the strategy-making process" in Montreal last week had not planned it that way: the only musical accompaniment they had laid on was when the participants—400 top businessmen and academics from all over the world—were filing in for their hot dinners.

But, as every corporate strategist knows, you have to allow for all sorts of contingencies these days, particularly the sudden explosion of disruptive turbulence in the business environment.

The action-packed conference, held under the auspices of the newly-formed Strategic Management Society, threw up many provocative prescriptions of how companies can improve their chances of survival and success in today's hostile en-

vironment. The more heretical included:

● Recognise that strategy need not always be a conscious and precise plan—which is the usual dictionary definition, the one used in military and most business circles, and the concept now being pushed by the entire consultancy profession on both sides of the Atlantic. Instead, strategy can emerge, almost unconsciously, as a pattern from a fit-and-starts stream of entrepreneurial decisions and actions. And in between these two extremes can be all sorts of variations.

### Textbooks

This may seem obvious, but it is not what has been taught by the textbooks, nor aspired to by many leading companies. It is the controversial view of Professor Henry Mintzberg of McGill University, whose research into other aspects of how managers actually do their jobs—opposed to how textbooks say they do—is already helping bring the work of other business academics down to earth.

He and his team drew their conclusions from 10 years of research into a wide range of organisations, including Volk-

wagen, an asbestos company, a brassiere manufacturer and the U.S. military in Vietnam.

● By the same token, Mintzberg claims that complex planning processes are not always needed, either at corporate headquarters or in the divisions and business units. Nor, he says, is there always much point in a company re-assessing its strategy each year, as part of its annual planning cycle. "It is like asking every year 'Why am I married?'" Instead, Mintzberg stressed the importance of the entrepreneurial ability suddenly to respond to changes in the environment after having followed the same strategy—whether agreed or implicit—for several years.

● The fatuousness of much annual strategic planning was rammmed home by Professor Richard Rumelt of the University of California at Los Angeles, one of the most widely-read and influential writers about business strategy. And Rumelt's "noah's ark" issue with Harvard's Professor Michael Porter, the business community's most popular (and highly-paid) academic consultant of the moment, and another speaker at the conference. A strategy was appropriate

only in certain circumstances, he argued, notably when a firm can gain sustainable competitive advantage over its rivals. "In most industries, the status of firms is impossible to alter," he claimed. "As a result, much of the strategic advice that is given is wasted."

### Weakness

● For strategic management to be successful, stressed Professor Ansoff in a less deviationist but equally definitive speech, it must not only take account of the well-known planning concepts of portfolio balance and product/market niches, but also the company's internal resources—human as well as physical and financial. "The rear of the firm is as open to weakness as the front," he warned.

● Technology must also be managed actively, said Ansoff. Until very recently, it was taken as a strategic constant and "technology management" just meant harnessing research and development. Now technology had become a critical competitive factor, and must be managed strategically.

Among the many other lessons of the conference were:

● How extraordinarily difficult it can be for a top manager to get even one or two simple new ideas understood, let alone accepted, down the organisation. Thomas J. Peters of Stanford University, a former McKinsey consultant who has studied in depth 62 "excellent companies"—as he calls them—advocated the "management by walking around" approach favoured by the heads of many successful companies. These include Hewlett Packard, Marks & Spencer, and PepsiCo, who thereby managed to convey to the "troops" their feeling of excitement about some of the key issues for the organisation—especially quality of products and service. "It's such a contrast with most companies, which are so inward-looking," said Peters. Jargon fetishists dub the approach "MBWA."

● Chief executives must also use simple words and images, Peters emphasised—like the former boss of Dana Corporation, whose first action upon taking office was to burn the company's complex policy manuals in front of his entire senior staff, and substitute a single sheet statement of objectives.

● On the other hand, several speakers warned how easily



Lord Steff, chairman of Marks & Spencer, is a master of the art of "MBWA" (management by walking around). He communicates key policies directly to all levels of management and the shopfloor. Hewlett Packard and PepsiCo use the approach to equally devastating effect.

managers can be misled by over-simplistic concepts, such as Drucker's five "rules of successful acquisition," and the popular version of the BCG portfolio matrix, with its "cash cows," "dogs," and so forth.

● The danger for companies in abandoning attempts to monitor and scan the business environment for "weak signals" of change that will affect their competitive position.

● The need for service organisations to consider differentiating themselves from the competition not just by pricing and promotional activities, but by what could be called "production strategies."

One speaker attacked most of the world's airlines for coping with the current market situation just by cutting services, discounting fares, and stepping up their advertising, rather than by improving the reliability of service, the reliability of information, the quality of baggage handling, the development of complimentary services, the quality of food, and so on. Such a strategy required much greater managerial competence, he pointed out, and greater departmental co-ordination.

## Cows, dogs and Drucker: the dangers of spoonfeeding

THE chief executive of one of America's largest companies recently told a group of business academics that he was reorganising the corporation with the help of the famous Boston Consulting Group portfolio matrix.

Any business or product that did not hold a leading position in the marketplace—"dog" in BCG parlance—would be sold, he said. There was just one exception: the biggest business in his company, and the one which treated the economies of scale which enabled the rest of the company to thrive. Yet, according to the portfolio, this is the biggest "dog" of the lot.

Such are the dangers of oversimplification. Recalling the incident in a paper to the Montreal conference Professor John Seeger of Northeastern University complained at the pejorative use of the canine description. Far from always being dangerously on their last legs, "dogs can be warm, loving companions, as well as watchdogs, guard dogs

or dogs that take care of the kids."

It is just the same for a company trying to protect its "stars," "cash cows" and "question marks"—the growing new businesses that need tender nurturing. Seeger claimed that Clorox's recent launch of a new brand of domestic bleach, "Wave," which already has many of the attributes of a "dog" business, was a "spoiler" to keep Procter & Gamble away from the Clorox brand itself, which is the clear market leader.

The danger of BCG's labels is that in themselves they convey simplistic policy prescriptions, according to Seeger. He was aware that BCG's own consultants do not use them in a simplistic manner, but the fact remained that large numbers

of businessmen did just that, just as they do other buzzwords and concepts. (BCG's own self-critique of its portfolio matrix was reported on this page, and the implications examined, on November 11, 13, 16 and 20, 1981. One innovation was last year's introduction of a new term, "cash dog," to meet the central complaint, that the group's matrix had suggested that all "dogs" were harmful to the business as a whole, and should therefore be eliminated.)

### Resources

Seeger's criticism of the matrix was not confined to dogs. In the BCG model, a "cash cow" has a large share of a steady market, or a declining one. It should therefore not be invested

in, but "milked." This was unfortunate, said Seeger, since it could waste both human and physical resources. People with imagination and ideas would leave the business in question, and the physical resources would decline if they were starved of investment. "Cash cows can be over-milked," he warned. "If you cloister a dairy cow from the outside world, she'll stop giving you milk."

Instead, agricultural practice was to introduce a bull and "freshen the cow," so it bore calves. With investment "a cow can give calves as well as milk," Seeger insisted. In an economic environment like the present, no company could afford to neglect any good investment project, even from a cash cow.

As for the "stars"—those businesses with a high market share in a high growth market—the trouble is that judgments about market share and especially growth are based on outdated information, Seeger complained. Why otherwise did Detroit continue to invest after 1973 in large cars, why did one of the world's largest toy companies put millions into hand-held electronic games, which were booming at the time but were overtaken by even newer technology within a year?

No management model can substitute for common sense and judgment," Seeger concluded. Precisely the same criticism was applied by Professors Frank Paine and Daniel Power, of the University of Maryland, to the five "rules of successful acquisition" propounded last year by

Peter Drucker, probably the world's most famous management guru. Though each of them has strong support from various studies and surveys, there is also plenty of contradictory data in each case. Paine and Power claimed, Power said there were between 20 and 50 other rules, some of which may be more influential than Drucker's on the performance of mergers and acquisitions.

### Common core

Drucker's first "rule" was to think through what contribution one's firm can make to the acquired company; it has to be more than money. Some studies supported this conclusion, others did not, said Paine and Power. On Drucker's second "rule,"

that one must search for a company with a "common core of unity" to one's own—in the way of technology, markets and/or production processes—Paine and Power cited one key study which concluded that the risk in such "concentric" acquisitions was unusually high. Other studies showed either that the type of acquisition had little effect, or that the takeover of unrelated businesses tends to be more successful than those with a common core of unity.

Rule three was that the acquiring company must respect the products, markets and customers of its new subsidiary; there must be a "temperamental fit." Again, there is much support, but also substantial evidence which is either neutral or to the contrary.

Number four argued that, within a year or so, the acquiring company must be able to provide top management for the new subsidiary. Against the supporting evidence, Paine and Power cited studies which conclude that successful acquirers buy companies where existing management is committed to staying on, and can be given considerable autonomy.

Finally, Drucker argued that, within the first year of a merger, it was important that a large number of managers from both companies receive promotion across the former boundaries between the two. Again, there is some supporting evidence, but also data to the contrary, especially in the case of acquisitions which are not related to the parent's existing businesses.

"There are no rules which will invariably lead to success," Paine and Power concluded. "There are various ways to go." C.L.

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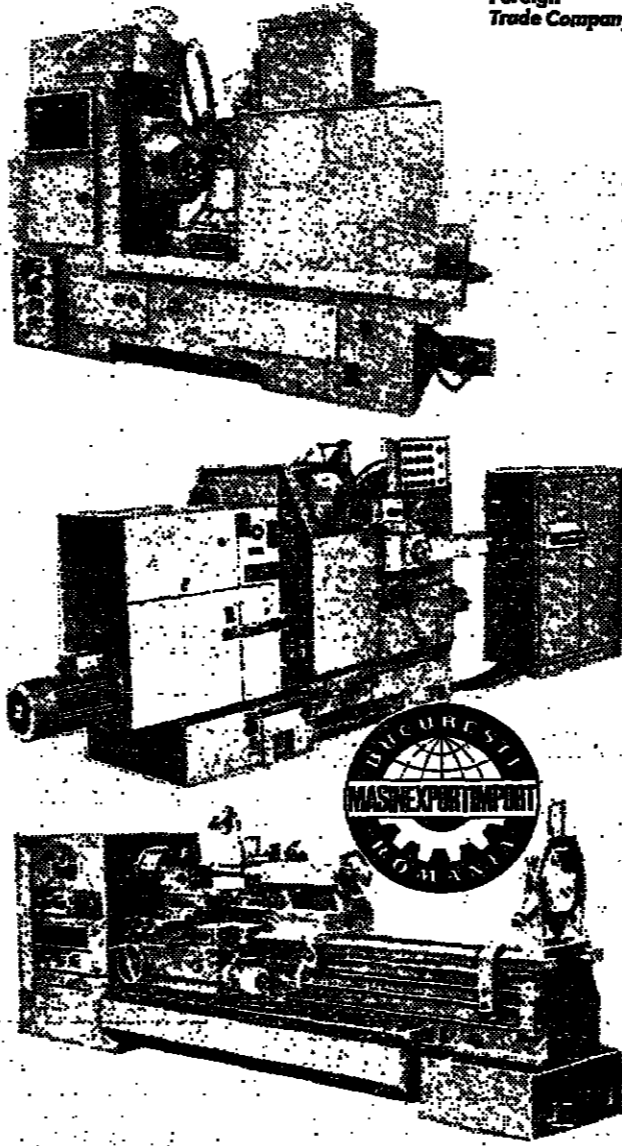
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CVRD — Companhia Vale do Rio Doce — will purchase 32,500 metric tons of rails type TR-68 through international competitive biddings.

CVRD received a loan from the International Bank for Reconstruction and Development (World Bank), towards the cost of Carajas iron ore project and intends to apply the proceeds of this loan to eligible payments under the contract for which this invitation to bid is issued.

Participation in this bid is limited to suppliers established in all member countries of the World Bank, as well as in Taiwan and Switzerland.

The instructions, specifications and forms which comprise the bidding documents will be available upon a non-refundable payment of US\$ 100 (one hundred dollars) or equivalent in other currencies at the following address:

Companhia Vale do Rio Doce—CVRD Superintendencia de Compras e Material—Sumat Rua Santa Luzia, 651—31, Andar CEP—20.030—Rio de Janeiro—RJ Brasil Telex (021) 23205, (021) 21975

Sealed bids will be received at the above-mentioned address, until December 15th 1982, at 2.00 pm, Rio de Janeiro time. Each bid shall be accompanied by a bid bond for the amount of US\$ 250,000 (two hundred and fifty thousand dollars) or the equivalent in other currencies. Bid for partial quantities of rails shall be accompanied by bid bond for proportional amount.

Rio de Janeiro, October 15th, 1982. Purchases and Material Superintendency

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**The new Ford Sierra.  
Man and machine in  
perfect harmony.**





مكنا من الاصل

# Sierra is a dynamically engineered driver's car.

This is Sierra, the car that replaces the Ford Cortina.

It uses less fuel than the Cortina, needs less service, has more space, a hatchback and a bigger boot.

But Sierra is more than just another efficient family car.

It's a dynamically engineered driver's car - taut, beautifully balanced and instantly responsive.

It has one of the most aerodynamic bodies of any five-seater that has ever gone into production.

The dashboard is designed around the driver.

Sierra has a sophisticated new all-independent suspension system that reconciles sporting handling with a smooth supple ride.

And the 2.3 litre 5-speed version does 118 mph.\*

If you enjoy driving, Sierra will be your kind of car. As you'll see from the Ghia featured in this advertisement.

## The man machine relationship.

Everything in the cockpit is designed to make you feel at one with the machine.

The Ghia's contoured driver's seat adjusts for height and rake as well as reach so that you can establish just the right relationship with the controls.

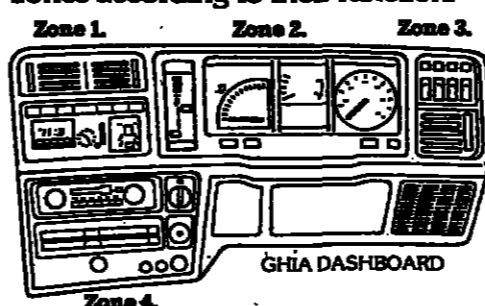
Steering and brakes are engineered to give you plenty of 'feedback'. They let you feel the road. And the response to the accelerator is instantaneous. 2.3 litre 5-speed models do 0-60 mph in 10 seconds.\*

The effect is to make you feel almost like part of the car; man and machine in perfect harmony.

## The dashboard: information at a glance.

The dashboard is angled towards the driver so that all the instruments face you and the controls fall naturally to hand.

The instruments are divided into zones according to their function.



Zone 1 houses the warning systems. Oil, water, washer bottle, fuel and brake pads are checked automatically as soon as you switch on the ignition, so you don't need to get your hands dirty.

There's a new graphic display which warns you of partly shut doors, bulb failures, and even tells you if black ice is likely.

There's also a multi-function clock which gives you date, time and elapsed time. Or, alternatively, a trip computer is optional.

Zone 2 is reserved for active driving information - speed, revs, fuel level and water temperature.

Zone 3 has switches for the heated rear window, front and rear fog lights and the optional rear wash/wipe.

Zone 4 contains the 4-speaker

radio/stereo cassette player and cassette storage drawers. And a cigar lighter.

While, overhead, there's a console which houses a pair of swivelling map lights and the sun roof control.

## Tall passengers please note.

Overall, Sierra is just 1.8 inches longer than the Cortina. It has more headroom and more leg room.

And the contoured back seats are just as comfortable as the front.

In the GL and Ghia the back seats have folding centre-armrests. Ghias have rear seat headrests, too.

## Direct glazing: another innovation.

Instead of being held in place by rubber seals, Sierra's laminated windscreen and its rear windows are bonded to the body. This process, known as direct glazing, results in a smoother fit. It cuts wind noise and reduces drag.

## The body: lighter but stronger.

These days a car doesn't have to be 'built like a tank' to be durable.

Many components are made of the latest lightweight materials like High Strength Low Alloy Steel (HSLA) which is as strong as ordinary steel but 10% lighter.

The benefits of light weight are brisker acceleration and better fuel economy, so it pays to shed pounds.

## The bumpers: they're parking proof.

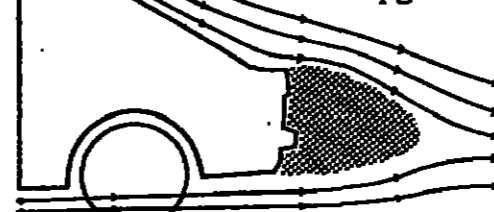
Sierra's bumpers are made from another lightweight material - a polycarbonate. They can withstand collisions at 3 mph without damage. As you can see, they're blended into the body so as not to disturb the airflow.

## Aerodynamics: save fuel at 70 mph.

Sierra's shape is closely related to the stunning Probe III prototype design study which was first revealed in 1981. Sierra is one of the most aerodynamic five-seaters that has ever gone into production.

Its average drag coefficient is 0.34 - 24% better than Cortina's. Even the wheel covers are designed to reduce turbulence.

The effect on fuel consumption is most noticeable at motorway speeds. At a constant 75 mph the 2.0 litre 5-speed model does 38.2 mpg.\*\*



Sierra's aerodynamic shape minimises drag. Airflow keeps back window clean.

## Rear wheel drive: better on balance.

For reasons of space, most small cars, our own included, have front wheel drive. But in a car as big as Sierra this advantage is outweighed by other considerations.

Rear wheel drive gives well balanced handling because the weight of the car is distributed equally over the front and back wheels.

It's also easier to service, better able to transmit the power of the big engine variants and, incidentally, gives better traction when towing.

## The ventilation system: warm feet, cool head.

You can adjust the ventilation system, (our designers call it a Modular Climate Control System) to supply hot air to your feet and cooler air to your face so that it doesn't make you drowsy.

If you want to see how effective the system is, just light a cigar. In 18 seconds it can extract all the smoke from the car and give you nice fresh air instead.

## Equipment: no gimmicks, everything is functional.

The Ghia is very well equipped. Both front seats have adjustable lumbar supports. Door mirrors are electrically controlled. Electric front windows and power radio aerial are standard.

The Ghia also has central locking. And a glass sunroof, which tilts or slides and has a sliding sun blind.

Everything is designed to add to the ease and pleasure of driving.

## The suspension: sporting handling without hard springs.

Sierra is an agile car. It corners quickly and accurately with hardly any body roll. And it takes rough surfaces with uncanny smoothness.

Even when the car is heavily laden, it still feels light and positive. This is because it has a supple new all-independent suspension system with McPherson struts at the front, and semi-trailing arms at the rear. The system has built-in roll-stiffness and anti-dive characteristics so it doesn't need hard springs.

It strikes just the right balance between sporting handling and a comfortable ride - a compromise which less sophisticated systems seldom achieve.

It's yet another reason why Sierra is such an enjoyable driver's car.

## The hatchback: spacious and versatile.

Sierra is a hatchback. But, from the inside, you'd never know it. Because the boot is sealed off by a thick, hinged parcel shelf.

Like most hatchbacks, Sierra has folding back seats. But unlike most they are split 60/40! This makes the car a very versatile load carrier.

With both back seats in place, boot capacity is 12.5 cu.ft. 6% more than the Cortina.

With one back seat folded, you still have room for two back seat passengers.

With both back seats folded the load capacity is 51.7 cu.ft.

If, by any chance, the Sierra hatchback isn't big enough for you, don't give up.

There's always the Sierra Estate. It has a load capacity of 69 cu.ft. But that's another story.

\*Ford computed figures. \*\*Government fuel test figures overleaf. †Except base model.

Car illustrated is a 2.3 Ghia with 5-speed manual transmission and optional metallic paint.



**Engines: evolutionary development.**

Outwardly, Sierra engines look similar to the Cortina engines from which they were developed. However, at Ford, research and development continue around the clock. So as you'd expect, a number of evolutionary improvements have been made.

The result is a range of engines of proven reliability, which are not only more powerful, but also more economical than before. And which require less maintenance.

There's a 2.3 litre V6 and a range of 4-cylinder OHC units of 2.0, 1.6, and 1.3 litres.

There is also a refined 2.3 litre diesel.

**Reduced friction pistons.**

4-cylinder overhead camshaft engines have special pistons and rings which reduce friction inside the engine.

The less internal friction, the more fuel-efficient an engine becomes.

**Tuned for life ignition.**

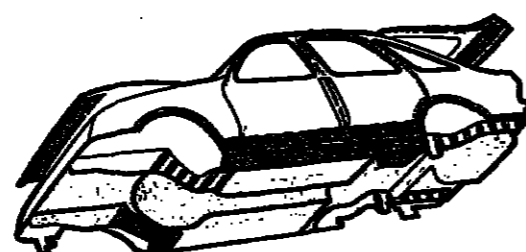
All Sierra petrol engines have breakerless electronic ignition. This is set by microwave before it leaves the factory and needs no routine maintenance.

**Efficient exhaust systems.**

Dual outlet exhaust manifolds and big bore pipes have been introduced to cut power losses. All systems are extensively aluminised and silencers have stainless steel end plates. They're built to last.

**Corrosion protection: the 20-stage treatment.**

Sierra bodies are totally immersed in anti-corrosive primer.



Legend for chassis diagram: PVC underbody protection, Stone chip protection material, Cavity rustproofing, Clinched flange sealer, Underbody wax.

Box sections are injected with wax. And wheel arches and vulnerable underbody areas, are protected against stone chips by a tough PVC undercoat.

Only then is Sierra ready for the paintshop, where, in addition to the normal primer, three coats of enamel paint are baked on.

**5-speed gearboxes: 70 mph at only half engine speed.**

Efficient aerodynamics allow very high gearing.

So besides the 4-speed manual and 3-speed automatic boxes, a 5-speed is now available.

This has a long overdrive top which allows you to cruise at motorway speeds at low revs. Some models reach 70 mph at just under 3000 rpm which is only half the engine's maximum. Economical and quiet.

**Anatomy of a driver's car: Ford gives you more.**

All these features are standard on the Sierra 2.3 litre Ghia illustrated here.

- 1. Recessed halogen headlights, built-in driving lights, and fog lights.
- 2. Front seats adjust for rake and reach. And have an adjustable lumbar support. The driver's seat also adjusts for height.

10. Folding rear seat with centre armrest. Split 60/40 for versatility.

11. Rear wheel drive. Gives 50/50 weight distribution for well balanced handling. Reliable and simple to service.

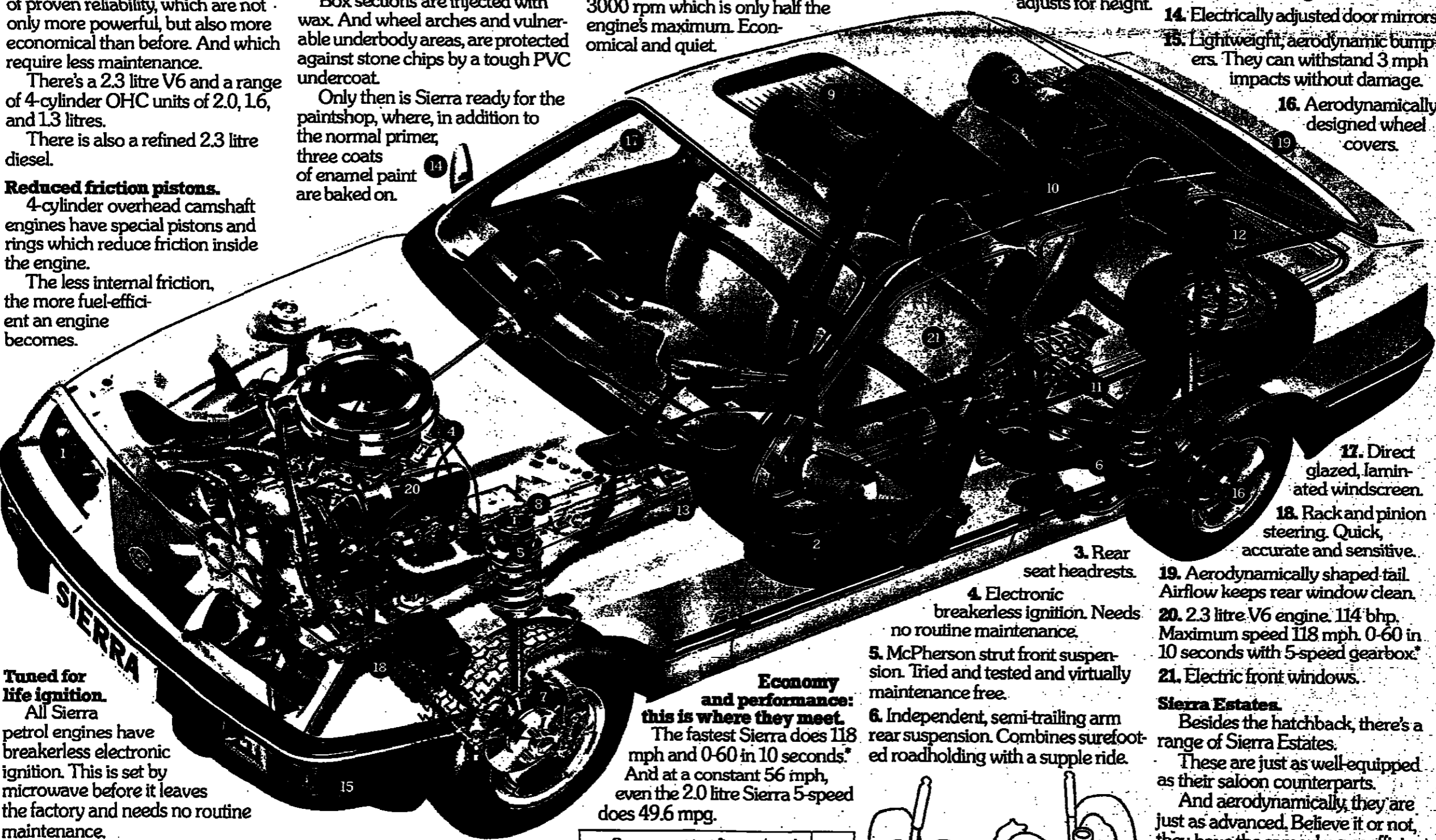
12. Boot is 6% larger than Cortina's.

13. New exhaust system. Designed to cut power losses. Extensively aluminised for long life.

14. Electrically adjusted door mirrors.

15. Lightweight, aerodynamic bumpers. They can withstand 3 mph impacts without damage.

16. Aerodynamically designed wheel covers.



12. Direct glazed, laminated windscreen.

13. Rack and pinion steering. Quick, accurate and sensitive.

14. Aerodynamically shaped tail. Airflow keeps rear window clean.

15. 2.3 litre V6 engine. 114 bhp. Maximum speed 118 mph. 0-60 in 10 seconds with 5-speed gearbox.

16. Electric front windows.

17. Direct glazed, laminated windscreen.

18. Rack and pinion steering. Quick, accurate and sensitive.

19. Aerodynamically shaped tail. Airflow keeps rear window clean.

20. 2.3 litre V6 engine. 114 bhp. Maximum speed 118 mph. 0-60 in 10 seconds with 5-speed gearbox.

21. Electric front windows.

**Economy and performance: this is where they meet.**

The fastest Sierra does 118 mph and 0-60 in 10 seconds. And at a constant 56 mph, even the 2.0 litre Sierra 5-speed does 49.6 mpg.

Saloon Models	Constant 56 mph	Constant 75 mph	Urban cycle	Max. speed (mph)
1.3 4-speed	44.8	35.8	30.7	94
1.6 5-speed	47.9	36.7	28.0	103
2.0 5-speed	49.6	38.2	26.9	115
2.3 V6 5-speed	44.8	35.3	23.3	118

Government test figures - (litres per 100km). 1.3 litre 4-speed 90kph (6.3), 120kph (7.9), urban (9.2); 1.6 5-speed 90kph (5.9), 120kph (7.7), urban (10.1); 2.0 5-speed 90kph (5.7), 120kph (7.4), urban (10.5); 2.3 litre 5-speed 90kph (6.3), 120kph (8.0), urban (12.1).

- 3. Rear seat headrests.
- 4. Electronic breakerless ignition. Needs no routine maintenance.
- 5. McPherson strut front suspension. Tried and tested and virtually maintenance free.
- 6. Independent, semi-trailing arm rear suspension. Combines surefooted roadholding with a supple ride.
- 7. Ventilated front disc brakes. Cool rapidly after heavy applications.
- 8. 5-speed gearbox with overdrive top. This is an option at no extra cost. Automatic is standard.
- 9. Glass sun roof. Tilts or slides. Also has a sliding sun-blind.

**Sierra Estates.**  
Besides the hatchback, there's a range of Sierra Estates.

These are just as well-equipped as their saloon counterparts.

And aerodynamically, they are just as advanced. Believe it or not, they have the same drag coefficient as the saloon.

Mechanically, they differ from the saloon in having modified rear suspension, to compensate for the extra loads they will carry.

This then is Sierra. Solidly built yet light in weight. Aerodynamic yet spacious. Taut and positive yet smooth and comfortable. Powerful yet economical. Man and machine in perfect harmony.

Man and machine in perfect harmony. **Ford**



POLITICS TODAY

The problems of not promising too much

By Malcolm Rutherford

AN ABIDING memory of this year's rolling Social Democratic Party Conference will be the expression of dismay on Mr Roy Jenkins's face as he looked round St David's Hall, Cardiff at 10 o'clock on Tuesday morning and surveyed the rows of empty seats. The expedition to Wales was not a success.

By Wednesday in Derby, however, the SDP was holding the best debate of the political conference season. There were industrial relations. There were shop stewards, trade union officials, middle managers and executives, almost all of them with something to say that would not be heard in other parties.

The former policy adviser to Mrs Thatcher, to the Institute for Fiscal Studies, Sir John was talking about the reform of the Civil Service, the weakness of successive administrations and a great deal else.



Springer

and fails to do any better than its predecessors? Mr Jenkins has already gone some distance towards meeting this objection. In his speech in Derby he said that the Alliance should be sparing in its promises to introduce new legislation.

So here it would seem that the Alliance has adopted the sensible, rational approach. But can you always get by in that way of not promising too much? And what do you do about the unexpected, the rise or fall of the exchange rate, the unforeseen depth of the world recession?

command in the private sector. If the party they served became the governing party, these advisers would move into top posts in the Ministries, possibly as many as 10-20 per department. It is the size of the numbers that is radical.

Letters to the Editor

Handling international tax avoidance

From Mr M. J. Gammie Sir—The Dell Report on international tax avoidance should be welcomed as an important step towards establishing a useful consultation between all concerned with this difficult subject.

pany) even though ultimately owned by UK residents. In my view, the real point that is raised by the Inland Revenue's proposals is whether that principle, derived from the 19th century, remains a proper one in all circumstances for the latter part of the 20th century.

or, perhaps more commonly, to defer liability to UK tax but there is a great deal more that is presently, and quite legitimately, not taxed.

Productivity and pay

From the Personnel Director, Leyland Group Sir—1 refer to the article Autumn pay awards averaging about 7 per cent (October 4).

published several articles this year extolling the virtues of improved Jaguar quality. If this is the case, why are we not offered the same warranty benefits as overseas customers?

few years, these devices will be as essential to management as the telephone or the motor car. Managers who don't learn how to use them will be as handicapped as those who now try to run their business without a telephone or a motor vehicle.

Learning to type

From Mr E. G. Wood Sir—Ann Billimoria (Letters, October 11) is right in suggesting that managers should learn to type but doesn't say how they should learn.

Why we still need secretaries From Mrs V. A. Hyslop Sir—The pattern of office work described as Klingner's "eye opener" (Management Page, October 1) is hardly unique.

Representatives of Amnesty International visited the Philippines after martial law was lifted in 1981 to find out whether there was any decline in violations of human rights.

Car warranty benefits

From Mr G. M. Morrell Sir—I follow the public debate on car prices with interest in particular that concerning British Leyland. Here is a little piece of information to fuel the flames.

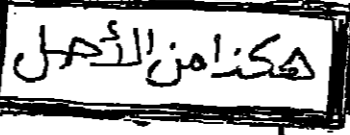
The real reason why managers should learn to type is so much to type their own letters as to be able to take advantage of the microcomputer. Within a

Lombard The wrong way to stop the rot By Barry Riley

BRITAIN'S institutional investors have passed their muscled at last. They moved to stop the rot at F.W. Woolworth in the UK by arranging to buy the majority stake in the company from the American parent. They have refused to continue to stand by in silence and resignation while a company slides downhill. They are taking a much more constructive stand.

Advertisement for ITT Business Systems featuring the headline 'If you want to know how to get this to Hanover in under 60 secs just post it.' Includes a coupon for requesting more information.

Advertisement for ITT Business Systems featuring the headline 'You'll be impressed when you find out what the ITT 3530 Mercury system can offer.' Includes an image of the Mercury system and a coupon for requesting more information.



J. Mowlem edges higher at six months

THE FIRST half of 1982 saw John Mowlem & Co. achieve a marginal improvement in both turnover and profits, despite bad weather at the start of the period.

On group sales of £138m (£133m), the taxable surplus for the six months came through at £3.4m (£3.2m) and, in addition, Mr Philip Beck, chairman of this construction group, reiterates his forecast made in the last annual statement that the full year outcome will be satisfactory.

With earnings per 25p share at 12.1p (12.7p), the net interim dividend is stepped up from 2p to 2.1p. Last year's total payment was 8.65p on full year profits of £7.8m.

At the trading level, mid-term profits were ahead from £3m to £3.5m, but there were associates' losses of £0.1m this time compared with profits of £0.2m last year (tax 11m (same) and the interim dividend absorbed £0.4m (same) for a retained balance of £2m (£1.5m).

Last May the company agreed to invest \$1.5m in a new concern, Koppen Mining Services, in which Mowlem now holds a 70 per cent interest.

Empire Stores falls deep into red and omits interim

Empire Stores (Bradford), the mail order company whose acquisition by GUS has been referred to the Monopolies and Mergers Commission, incurred heavy losses in the 23 weeks to August 14, 1982 and has passed its interim dividend.

For the first half pre-tax losses totalled £1.97m compared with profits of £312,000 for the corresponding period and £1.82m for the last full year.

Turnover at mid-term showed little change at \$59.18m (£59.01m) and the deficit at the trading level was \$967,000 (£948,000 profit), before interest of \$502,000 (£583,000) and a \$99,000 exceptional debit relating to costs in connection with the GUS offer and Monopolies reference.

The loss per 25p share is stated at 6.03p (0.96p earnings) and, announcing the lack of interim distribution, the directors say a decision on a final dividend will be made when full year results are known. Last year's interim of 1.2p net was followed by a 1.35p final.

Table titled 'DIVIDENDS ANNOUNCED' with columns for Company Name, Current payment, Date of payment, Corresponding dividend, Total last year, and Total year.

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § To reduce disparity.

yield material cost savings, but again it will be some time before the benefits are evident in trading results. However, the prime element for the longer term future must be to secure an adequate increase in sales and the company's merchandising policies and marketing strategy are being critically examined to this end.

Steel Brothers profit up by 48%

A VERY good performance by its food and catering division has helped Steel Brothers Holdings lift pre-tax profits by some 48 per cent from £2.84m to £4.23m for the first half of 1982.

The results have, however, been adversely affected by the current recession in the economies of Canada and the U.S. which seems likely to continue for some time, Mr A. P. De Soer, the chairman, states.

For the last full year, pre-tax profits totalled £7.81m and dividends amounting to 9.8p net were paid. This year the interim dividend, in order to reduce disparity, is being raised from 3.15p to 3.5p. Stated earnings per 25p share increased from 14.71p to 25.6p.

Three directors quit in shake-up at R-R Motors

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A MAJOR reorganisation of the Board of Rolls-Royce Motors, the Vickers' subsidiary, has resulted in the departure of three directors.

The shake-up comes three weeks after Vickers gave a warning that profits for 1982 would be lower than last year's and that sales of Rolls-Royce cars, particularly in the two main markets, the UK and the U.S., had been disappointing.

Mr John Hollings, who is in his late 60s, has retired as engineering director and Mr Ian Nelson, director responsible for engineering, production resources and special projects, has also left the company.

Mr Carpenter did not wish to be considered for the post which combines UK and international marketing. The position will be filled from outside the company.

A managing director of the car division (Rolls also has an overseas sales division and a pressing division) has been appointed: Mr Richard Perry, 52, previously with BL before moving to Rolls' Mulhooer Park

Ward subsidiary as managing director. This will enable Rolls-Royce Motors group chief executive Mr George Fenn more time to devote to other affairs.

Rolls recently warned its workforce that demand might be 20 per cent lower this year than the original forecast of 2,200 cars and short-time working was started. Now it seems the group expects the weakness in demand to go on for some considerable time. In 1981, Rolls, which accounts for about one-third of Vickers' turnover, built and sold 3,175 cars of which 2,200 went to the U.S.

John Crowther halves losses

CONTINUED improvement in the first half of 1982 is reported by Mr T. Barker, chairman of John Crowther Group. Pre-tax losses were reduced from £227,000 to £114,000.

Turnover of this woollen textile manufacturer, based in Huddersfield, improved from £1.72m to £2.39m. Mr Barker says the improvement has come about despite the continuing poor level of demand throughout the industry.

mainly to the terrible weather at the beginning of the year. This led to very low demand and very high energy bills. From March, though, demand started to climb back and now the company is finding itself with "substantial" month-by-month profits.

Losses in the first few months of the year were due to the extreme weather, traditionally low demand and delays in re-planting slowed down the recovery, says Mr Barker. In the first half of 1981, the loss before tax was half that incurred in the first half of 1981.

in the first six months by 50 per cent compared with the same period last year, and is expected to follow the same upwards trend for the rest of the year. Gearing is extremely high - net borrowings are currently 125 per cent of shareholders' funds and the company is hoping to improve this by selling property or buying another company with some spare cash.

Barlow distribution is blocked

PROPOSALS by Barlow Holdings, rubber plantation and property group, to make a special capital distribution to shareholders have been rejected by the Inland Revenue.

Barlow, which yesterday reported a near £200,000 increase in pre-tax profits to £2.9m for the first half of 1982, wants to make the distribution from the proceeds from the sale of 70 per cent interest in its Malaysian plantations - 40 per cent to the Malaysian Government investment body Permodalan, and 30 per cent to Perlis Plantations.

At that time, it was stated that one-half of the proceeds of the sale would be invested in broadly-based portfolio of UK listed securities and the remainder directly in UK property.

Adwest Group

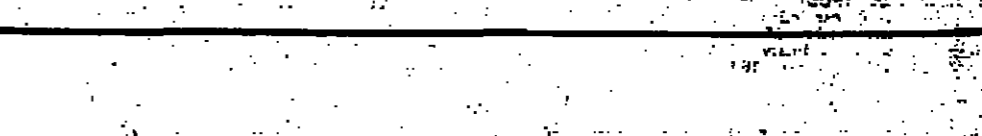
Improved results despite an extremely difficult year

In his annual statement to shareholders, Mr F. V. Waller, Chairman of Adwest Group, says the year has been extremely difficult although the company managed to improve profits by 7%.

A total dividend for the year of 8.25p per share is recommended, compared with 7.5p for the previous year. After reviewing the activities of the Group, including the property development at Woodley airfield where 150 houses have to date been completed and sold and from which a steadily increasing income is expected, Mr. Waller concludes: "There are very few signs of the worldwide recession coming to an end."

Summary of Results table with columns for Year to 30th June, 1982, and 1981. Rows include Turnover, Profit before tax, Dividends (net), Capital employed, and Earnings per share.

Copies of the Annual Report, containing the Chairman's Statement to shareholders, are available from The Secretary, Adwest Group p.l.c., Reading RG6 4SN.



The Post Office Postcode Business Award 1982

for innovative and effective use of Postcodes in business systems.

Many businesses have already discovered that the Postcode is more than a means of delivering the mail. By using the Postcode with skill and imagination they are making business systems in research, marketing, planning, distribution and customer relations demonstrably more efficient and profitable.

Awards to the value of £20,000. The winner in each category will receive a specially sculpted and inscribed Wedgwood Jasper Plaque. The first prize in the Business Category donated by leading UK companies also includes: ICL Personal Computer System, A year's free use of the Kalle Infotec 6400 Digital Facsimile Machine, Pitney Bowes Postage Meter, Franking Machine and Electronic Postage Rate Scale, £500 Postage, Western Union Priority Mail mailing - up to 2000 letters. First prize in the Education Category includes: Acorn Model B, BBC Computer System including Colour Monitor, High Speed Printer and Software, Ronex Alcatel Electronic Postage Weighing Machine, Helder Meter Postage Franking Machine, £250 Postage. Valuable prizes for runners-up of Free Postage, UK Datapost Service and Electronic Post Mailings.

Categories: A: Business - for Postcode systems in being or near implementation. B: Education - for creative new approaches to the use of Postcodes. How to enter: In the first instance, you simply outline each innovative Postcode application you wish to enter and its benefits on an official entry form in no more than 500 words. Any number of entries may be submitted. Later the judges will ask the finalists selected to provide more detailed presentations. For full details, rules and official entry form, return the coupon. But please hurry: all entries must be received by 14th January 1983.

Who is eligible? The Postcode Business Awards are open to all UK businesses, to business schools, universities and other educational establishments with departments or faculties of business studies. Distinguished panel of judges: Kenneth Barnes, Project Director, IT'82. Robert Heller, Editor, Management Today. Tony Bickford, Vice President, CACI. Nigel Walmsley, Board Member for Marketing, The Post Office. Peter Milne, Director of Mails Operations, The Post Office.

BOARD MEETINGS: The following companies have notified dates to the Stock Exchange. Such meetings are usually held for the purpose of considering directors' remuneration which is not available as to whether the dividends are interim or final and the sub-divisions shown are based on the results of last year's financial year.

Table of Board Meetings with columns for Company Name, Date, and Chairman.

Lombard 14 Days Notice Deposit Rate is 10% Lombard North Central PLC, 17 Bruton St, London W1A 3DH. For details phone 01-499 3434.

LADBROKE INDEX 600-605 (-2)

UK COMPANY NEWS

Ward White higher in first half

AGAINST A break trading background... Ward White's Group, 1982, 1981...

current financial period will cover the 13 months to January 31 1982...

The safety products division held profits at about last year's level in a static sales climate...

advised by their Dutch lawyers that the transfer affecting the disposal is valid.

Acquisitions lift UEI to £4.6m

A MARKED increase in pre-tax profits from £1.41m to £4.58m has been produced by UEI...

On a current cost basis, pre-tax profits were reduced to £4.07m (£1.34m) and net earnings per share were 5p (4.3p).

Sharp fall at Green's Economiser

A SEARE profits reverse in the first half of 1982 and the evaporation of brighter prospects for the remainder of the year...

performed a general downturn in orders and activity, affecting all operations. Thus, with no signs of significant improvement...

For the first six months of the current year the loss per 25p share is given at 1.43p, against earnings of 10.54p. Nevertheless...

Woodchester Investments' USM placing

The Unlisted Securities Market is to have its second Irish member company, Woodchester Investments...

Slight fall at Roberts Adlard

Although the bad weather in the early part of the year had an adverse effect on its roofing company, Roberts, Adlard...

Barr & Wallace recovers to profits of £323,143

RECOVERY HAS taken place at the two main divisions of Barr and Wallace. Arnold Barr, according to Mr J. Malcolm Barr, chairman...

Costs have been tightly controlled, but Mr Barr points out that the division continues to be adversely affected by a dull market in British holidays...

Fogarty loss at £0.5m: sees return to profit

IN the first half of 1982 Fogarty incurred tax losses of £833,000 against profits of £388,000...

Forecast will be met says Markheath

Although showing a loss in the first six months of 1982, Markheath Securities reaffirms the forecast made in April that pre-tax profits for the full year would be not less than £1.8m.

C. & W. Walker cuts midway loss

ALTHOUGH PRE-TAX losses of C. and W. Walker Holdings have been reduced sharply from £885,000 to £41,000 in the 26 weeks to July 31 1982...

(£137,000). There was again no tax and loss per 25p share was cut from 2.29p to 1.02p.

Creative Marketing of Clacton-on-Sea has asked us to point out that it has no connection with Creative Marketing Partnership...

The rationalisation and re-organisation programme was extended with the closure of a further two factories. These moves will be completed by the end of October...

DUNTON GROUP (property development, building and engineering)

Turnover for year to May 31 1982 £282,865 (£493,203 for previous 14 months); share profits £20,817 (£30,082). Towards the end of financial year the company secured a series of contracts...

SCOTTISH EASTERN INVESTMENT TRUST

At September 30 1982 total assets less current liabilities £137,331 (£127,331). Net asset value per ordinary share after prior charges at par 121.4p, after charges at market value 123.5p.

BRANDON (oilfield and engineering services)

Results for the year to March 31 1982 reported August 21. Shareholders' funds £1.5m (£1.22m); fixed assets £1.23m (£1.17m); net current assets £1.27m (£1.17m); net decrease in application funds £40,000 (increase £135,000).

AGB RESEARCH

The research side of business which now provides 70 per cent of turnover, is having a good year. Mr Bernard Ansell, chairman, told members at the annual meeting...

Headway at Hunting Petroleum

An increase in pre-tax profits from £2.77m to £3.17m has been shown by Hunting Petroleum for the first half of 1982. Turnover rose sharply by £17.34m to £87.6m.

EAST DAGGAFONTEIN MINES, LIMITED

(Incorporated in the Republic of South Africa)

PROPOSED RIGHTS OFFER East Daggafontein Mines, Limited announces that, subject to both shareholder and Stock Exchange approvals, a rights offer will be made to raise funds for the following purposes:

- (a) As working capital for the conduct of the existing and future business of the Company; (b) To enable the Company to repay certain temporary loan facilities which it has raised; and (c) To enable the Company to pay for the interests purchased from Egoli Consolidated Mines Limited...

The last day to register as a shareholder to become eligible to participate in the rights offer will be Friday, October 29, 1982.

A circular and a notice convening a General Meeting to approve certain contracts and to increase the share capital has been posted to members. The General Meeting will be held in the Boardroom of the Registered Office of the Company...

By Order of the Board ARTHUR YOUNG AND COMPANY Secretaries Per J. D. G. Cunningham Johannesburg October 15, 1982

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.



City of Manchester

Placing of £7,500,000 City of Manchester 11.5 per cent. Redeemable Stock 2007 at 100.5 per cent.

Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange £750,000 nominal of the Stock will be available to the public in the Market on the date of publication of this advertisement.

Particulars of the Stock are available from Extel Statistical Services Limited and copies of the particulars may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 29th October, 1982 from: Lazard Brothers & Co., Limited, 21 Moorfields, London, EC2P 2HT.

15th October, 1982

First Class



A first class symbol.

From now on, this symbol will represent Iberia's First Class. Others may abandon First Class, but Iberia are proud to maintain traditional high standards of service.

Iberia's First Class offers every kind of attention you could wish for—a fast check-in, a little gift to welcome you on board, luxury seating, special table service to help you enjoy the select menus and vintage wines, and an open bar throughout the flight.

For a truly First Class flight, fly Iberia.



The Spanish Challenge.

JOHN FINLAN PLC

HALE ROAD, HALEBANK, WIDNES, CHESHIRE WA9 8PU Registered in London No. 544516

14th October, 1982

INTERIM STATEMENT TO SHAREHOLDERS

The unaudited results of the Group for the six months ended 30th June, 1982 are as follows:

Table with columns for Turnover, Operating Profit, Profit before taxation, Profit after taxation, Dividends, Retained profit for the period, Earnings per share. Rows show data for 1982 and 1981.

Your Directors have declared an interim dividend of 3p per share net (1981: 3p net) on the ordinary shares of the Company payable on 3rd December, 1982 to shareholders on the register at the close of business on 2nd November, 1982.

John Finlan, Chairman

MINING NEWS BIDS AND DEALS

Palabora lifts copper output

By GEORGE MILLING-STANLEY

AS VIRTUALLY the only major copper producer in the world which is still able to operate at a profit at current price levels, the Rio Tinto-Zinc group's Palabora Mining in South Africa has wisely increased its production in the latest quarter.

Nickelore rejects ACM bid

THE TERMS of Australian Consolidated Minerals' (ACM) takeover bid for Australia's Nickelore are described as "not fair and reasonable" by independent advisors and accountants Peat Marwick Mitchell & Co.

Tring Hall planning Luxembourg merger

Tring Hall Securities, the issuing house and financial services company which specialised in bringing companies to the unlisted securities market, is planning to merge with Commercial Development Finance Corporation (Holdings), a Luxembourg company headed by Mr. Snakirullah Durran.

Mosspray extends bid

Mosspray, the consortium led by Mr. Brian McGillivray, has extended its bid for fire protection group Nu-Swift for the last time until October 19 after gaining acceptance from 37.26 per cent of the Nu-Swift equity.

Lady Joseph takes chair at Norfolk Capital

LADY MAXWELL JOSEPH, widow of Sir Maxwell, the chairman of Grand Metropolitan Hotels who died last month, is to become chairman of Norfolk Capital Group with immediate effect.

International round-up

A three-week strike which halted operations at the Roseberry zinc mine of EZ Industries in Tasmania has ended, according to Mr. George MacKay, managing director.

Helene of London PLC

Design and Manufacture of Fashion Leisurewear and Textile Merchandising

Interim Results

\* The profit of the half year shows a 25% increase over the equivalent period of last year. \* However, the modest upturn that was experienced in the earlier part of the year has not continued and trading conditions are still difficult.

Table showing interim results for Helene of London PLC for the six months ended 30th June, 1982 and 1981. Includes Turnover, Profit before tax, Profit after tax, Earnings per share.

The figures for the year to 31st December, 1981 are taken from accounts filed with the Registrar of Companies. The auditors' report on the 1981 accounts was unqualified.

LONDON TRADED OPTIONS table with columns for Option, Expiry, Closing price, etc. Lists various stock options.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Last, etc. Lists European options data.

OTTOMAN BANK Representative Office. On 15th October 1982. Dunster House (3rd Floor), Mincing Lane, London EC3R 7DN. Telephone 01-626 5932. Telex 895316 G.

WEI public limited company

A Group specialising in high technology electronics and advanced engineering

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31ST JULY 1982

Table comparing historical cost basis and current cost basis for WEI for the six months ended 31st July 1982. Includes Turnover, Operating Profit, Profit Before Taxation, etc.

WEI plc announce unaudited pre-tax profits for the six months ended 31st July, 1982 of £4,580,000 as compared with £1,405,000 for the six months ended 31st July, 1981, and £4,205,000 for the year to 31st January, 1982.

integration of the new companies into the Group has gone well and all subsidiaries are trading profitably and are making good progress. Order books are satisfactory in what we still regard to be a recessionary period.



WEI - formerly United Engineering Industries - is the holding company for a number of businesses which have a world-wide reputation for innovation and technical expertise in television broadcasting, image processing, data acquisition, automotive engineering, micro-analysis and advanced engineering.



WEI public limited company, North Way, Walworth Industrial Estate, Andover, Hampshire SP10 6AJ, England. Telephone No: (0264) 61345. Telex No: 47132 LINK G.

CDC INVESTS IN CANADIAN COMPANY. The Commonwealth Development Finance Company (CDFC) is to buy a 20 per cent stake in Galt British Forge Company of Ontario, Canada, for £22m (£900,000).

BANK RETURN

Table showing Bank Return for Wednesday Oct. 15 1982. Includes Liabilities and Assets.

ISSUE DEPARTMENT

Table showing Issue Department details, including Notes Issued and Government Securities.

M. J. H. Nightingale & Co. Limited

Table listing various stocks and bonds with columns for Company, Price Change, Gross Yield, etc.

Handwritten Arabic text: هكمان الانجل



COMMODITIES AND AGRICULTURE

Companies and Markets

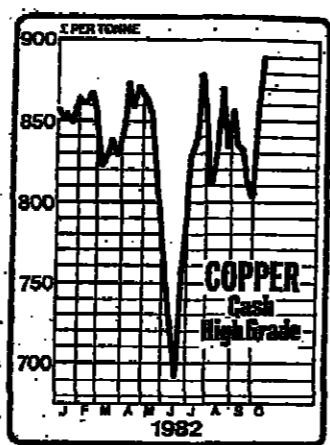
Fertiliser consumption declining

U.S. FERTILISER consumption in 1982/83 (July/June) will decline 3 per cent after a drop of 7 per cent the previous year...

Copper up to year's high

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES advanced to the highest level since November last year on the London Metal Exchange yesterday...



Meanwhile, silver and platinum prices surged ahead yesterday, encouraged by the rally in gold and strong speculative interest...

Bacon price cuts likely next week

By Richard Mooney

AT LEAST one leading British supermarket chain will be trimming 12p a lb of its British supermarket bacon...

FARMER'S VIEWPOINT

The intervention game

FOR THE first time in my life I have been engaged in mountain building. Some 200 tonnes of my wheat has been taken by the Intervention Board...

making or machineability test in which a sample is ground up and made into dough and then judged for its bread-making qualities...

Arbitrary

I had given the sample every chance to pass. The strain was Avalon, a milling variety. The bushel weight was high, as was the protein level...

If they were accepted, only had to pay the equivalent of cashing to Southampton, about 30 miles away. As a precaution, I arranged with a friendly compounder based near Bristol...

After arranging transport all that was needed was for the lorries as they came in. I have nothing against the bulk haulage industry as such...

Absorb surplus sugar, EEC told

BY LARRY KLINGER IN BRUSSELS

CONCERNED ACTION on the stockpiling of sugar surpluses to halt the slide in world market prices was urged yesterday by the International Sugar Organisation (ISO) in talks with the European Commission in Brussels...

EEC to provide "parallel" action to stabilise the world market. Talks were continuing last night between the Commission and EEC beet producers and sugar manufacturers in an effort to find a way in which farmers could voluntarily agree to store more surplus sugar...

severe strain on EEC finances. Last year, EEC farmers, under pressure from the Commission, agreed to stockpile nearly 1m tonnes of non-quota output...

Grain exports plea by France

MOSCOW— Mme Edith Crison, the French Farm Minister, yesterday called for increased French farm exports to the Soviet Union to help correct what she described as a worrying imbalance in bilateral trade...

PRICE CHANGES

Table showing price changes for various commodities like tin, copper, and silver, with columns for Oct 1982 and Month ago.

BRITISH COMMODITY MARKETS

Table showing British commodity prices for metals like tin, copper, silver, and gold.

BASE METALS

Table showing base metal prices for tin, copper, silver, and gold.

AMERICAN MARKETS

Table showing American commodity prices for various goods.

LONDON OIL SPOT PRICES

Table showing London oil spot prices for Arabian Light, Arabian Heavy, and other grades.

GAS OIL FUTURES

Table showing gas oil futures prices for various months.

TIN

Table showing tin prices in London.

COCOA

Table showing cocoa prices in London.

GOLD MARKETS

Table showing gold prices in London and other markets.

LONDON FUTURES

Table showing London futures prices for various commodities.

LEAD

Table showing lead prices in London.

ZINC

Table showing zinc prices in London.

EUROPEAN MARKETS

Table showing European market prices for various commodities.

ALUMINIUM

Table showing aluminium prices in London.

NICKEL

Table showing nickel prices in London.

COFFEE

Table showing coffee prices in London.

POTATOES

Table showing potato prices in London.

RUBBER

Table showing rubber prices in London.

MEAT/FISH

Table showing meat and fish prices in London.

SOYABEAN MEAL

Table showing soyabean meal prices in London.

INDICES

Table showing various financial indices.

REUTERS

Table showing Reuters market data.

MOODY'S

Table showing Moody's market data.

DOW JONES

Table showing Dow Jones market data.

COFFEE

Table showing coffee prices in London.

SOYABEAN

Table showing soyabean prices in London.

MEAT

Table showing meat prices in London.

WHEAT

Table showing wheat prices in London.

EUROPEAN MARKETS

Table showing European market prices.

ALUMINIUM

Table showing aluminium prices.

NICKEL

Table showing nickel prices.

COFFEE

Table showing coffee prices.

SOYABEAN

Table showing soyabean prices.

MEAT

Table showing meat prices.

WHEAT

Table showing wheat prices.

EURO CURRENCY

Table showing Euro currency exchange rates.

Companies and Markets

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

FINANCIAL FUTURES

Dollar, pound firm: krone weak in EMS

The dollar gained ground without any new factors to influence foreign exchange trading. Although U.S. officials have suggested that today's M1 money supply figure, which is estimated to show a rise of \$7.12bn, should be largely ignored, the market is still very nervous about the implications of continuing large increases in money supply. A substantial offering of D-marks also boosted the dollar and tended to weaken other European currencies yesterday.

Market sources indicated that the Bank of England may have intervened to sell sterling against the D-mark, when the German currency came on offer, thus keeping the pound from rising too sharply against Continental units. The Danish krone came under pressure, falling to the bottom of the EMS and touching its lowest permitted level against the Dutch guilder and Irish punt.

Against the D-mark, the FF 7.1225 from FF 7.0650 in terms of the French franc; to SwFr 2.1480 from SwFr 2.1380 against the Swiss franc; and to Y267.90 from Y266.10 against the yen.

Trade-weighted index 92.5, against 92.3 at 1000, 92.7 in the morning, 92.8 at the previous close, and 90.2 six months ago. Three-month interbank 9% per cent (18% per cent six months ago). Annual inflation 8.9 per cent (8.7 per cent previous month). The pound rose to DM 4.2950 from DM 4.28; to FF 12.15 from FF 12.1775; to SwFr 2.6675 from SwFr 2.66; and to Y467.50 from Y465.50. Sterling opened at \$1.7130.

D-Mark comes to Life

It was a fairly quiet day on the London International Financial Futures Exchange, despite the interest generated by the opening of a new contract for the D-mark. Chicago closed on Wednesday better than expected, led by demand for U.S. Treasury bonds, and this encouraged a firm opening in London of 90.15 for December Eurodollars. The price touched a low of 90.01, where dealers reported signs of psychological resistance, and also closed at that level after touching a peak of 90.22. The market tried to move firmer at various times, but suffered from a lack of buyers, and quiet trading in cash. The rise of 23 points on the day in the December contract mirrored the slight easing of the three-month Eurodollar deposit rate, while the widening of the differential between December and March to 69 points from 63 was a sign of

slightly improved sentiment after the fall in prices on Wednesday. The D-mark/dollar contract began trading yesterday, and attracted slightly more interest than sterling futures. The March position was almost totally ignored, however, as the equivalent sterling contract has been since Life trading began. Dealers were not prepared to say that the total volume in D-marks of \$16 lots was disappointing, preferring to reserve judgment until the foreign exchange market has a more active day.

EMS EUROPEAN CURRENCY INTEREST RATES

Table with columns for Country, Currency, Rate, % change, and Divergence. Includes Belgium, France, Germany, Netherlands, Italy, Luxembourg, Portugal, Spain, Sweden, Switzerland, and Yugoslavia.

CURRENCY MOVEMENTS

Table showing currency movements for various countries like Argentina, Australia, Brazil, Canada, Denmark, etc.

LONDON

Table showing London market data including 3-month Eurodollar rates and Sterling rates.

U.S. TREASURY BONDS

Table showing U.S. Treasury Bond rates for various maturities.

OTHER CURRENCIES

Table listing exchange rates for various currencies like Argentine peso, Australian dollar, etc.

CURRENCY RATES

Table showing current currency rates for various countries.

CURRENCY MOVEMENTS

Table showing currency movements for various countries.

CURRENCY RATES

Table showing current currency rates for various countries.

THE POUND SPOT AND FORWARD

Table showing pound spot and forward rates for various maturities.

THE DOLLAR SPOT AND FORWARD

Table showing dollar spot and forward rates for various maturities.

EXCHANGE CROSS RATES

Large table showing cross rates between various currencies like Pound Sterling, U.S. Dollar, Deutsche Mark, etc.

MONEY MARKETS

UK interest rates show little change

UK clearing bank base lending rate 9 1/2 per cent (since October 14 and 15). Interest rates were little changed in London yesterday, after the sharp decline seen recently. There was inevitably a slight pause for breath although the market still appears to support a bullish tone, with further cuts in clearing banks' base rates apparently likely over the next month or so.

of eligible bank bills: £31m in band 1 at 9 1/2 per cent, £42m in band 2 at 9 1/2 per cent, £15m in band 3 at 9 1/2 per cent and £2m in band 4 (84-86 days) at 9 1/2 per cent. In the interbank market overnight money opened at 10 1/2 per cent but soon slipped to 9 1/2 per cent. Rates continued to fall away, touching a low of 8 1/2 per cent in the afternoon.

before coming back to finish at 10 1/2 per cent. In Paris the Bank of France left its money market intervention policy unchanged at 13 1/2 per cent when it bought first category paper from the market while in Stockholm the Swedish central bank cut its penalty rate on commercial banks' borrowings to 13 per cent from 17 per cent,

thus reverting to its previous level before being increased to 17 per cent on October 1. In Amsterdam the Dutch official call money fell to 6 7/8 per cent from 7 1/2 per cent. This followed Tuesday's announcement by the authorities of a half point reduction in the Dutch discount rate to 6 1/2 per cent.

LONDON MONEY RATES

Table showing London money rates for various maturities.

NETHERLANDS

Table showing Netherlands money rates.

GERMANY

Table showing Germany money rates.

INTEREST RATES

Large table showing interest rates for various currencies and maturities.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates.

MONEY RATES

Table showing money rates for various currencies.

NETHERLANDS

Table showing Netherlands money rates.

GERMANY

Table showing Germany money rates.

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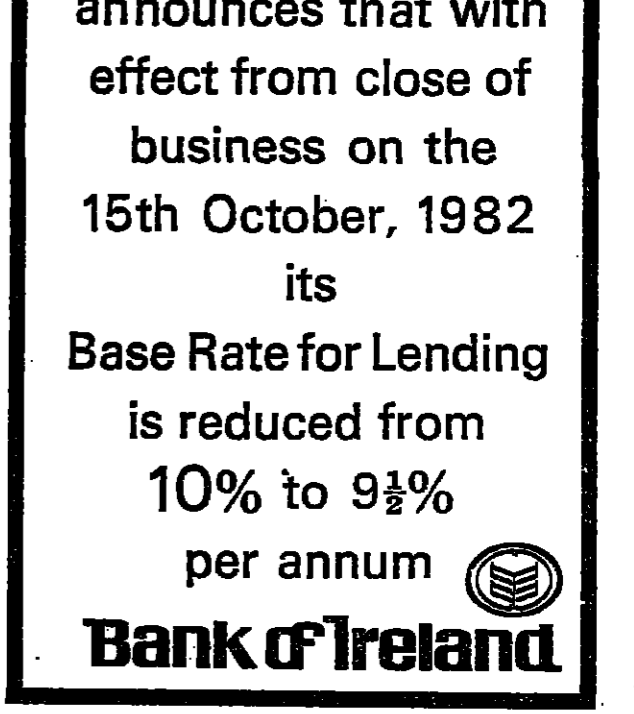
The Philadelphia Stock Exchange building, 1900 Market Street, Philadelphia, PA 19103 (215) 496-5000

Midland Bank Interest Rates

Effective from 14th October 1982. Base Rate Reduces by 1/2% to 9 1/2% per annum. Deposit Accounts Interest paid on 7 day deposit accounts reduces by 3/4% to 6% p.a. Abatement Allowance On ledger credit balances of current accounts which are subject to the standard personal current account tariff and do not qualify for free terms reduces by 1/2% to 3% p.a. Monthly Income Deposit Account Service (MIDAS) Interest paid will be reduced by 1% to 9% p.a. with effect from 11th November 1982.



Bank of Ireland announces that with effect from close of business on the 15th October, 1982 its Base Rate for Lending is reduced from 10% to 9 1/2% per annum



INTERNATIONAL COMPANIES and FINANCE

Companies and Markets

Paul Betts analyses the STC shares sales

ITT turns its attention to the home market

INTERNATIONAL Telephone & Telegraph is not abandoning Europe—at least that is what it says after announcing that it will sell 40m shares in its British subsidiary, Standard Telephone and Cables. The sale should raise \$350m to bolster ITT's balance sheet and help defend a record of 18 years of consecutive increases in its dividend at a time when business conditions are rough.



Mr. Rand V. Araskog

ITT will also be winning a little additional financial flexibility to help position it better in the coming battle for a share of the U.S. telecommunications market—in which ITT has historically had only a minor role.

Europe accounted for about half of ITT's 1981 sales of \$23bn and more than half of its operating income of \$1.5bn. The company acknowledges that it is seeking to place more emphasis on the U.S. market, which in the case of telecommunications offers the promise of much larger growth. But Mr Gerrity says it will take at least five years before ITT, or any other company, can achieve significant penetration of a market which has so far been the preserve of American Telephone and Telegraph. In the meantime, while ITT sets about reorganising its U.S. telecommunications operations, it will continue to rely on Europe to provide a fat chunk of its sales and earnings.

showcase for its own principal new telecommunications product.

Mr Robert Sullivan, of Paine Webber Mitchell Hutchins, feels the STC deal is part of ITT's attempts to get its balance sheet in order. "The company's biggest challenge has been to improve its balance sheet and keep its dividend streak alive."

The STC stock sale could add between 70 cents and \$1 to ITT's earnings per share this year. But on a broader level, the additional cash flow from STC will give ITT a little more flexibility to move quickly.

EIB bond heavily over-subscribed

By Peter Montagnon, EuroMarkets Correspondent

THE EUROPEAN Investment Bank's first ever "bulldog" bond in the sterling market closed massively over-subscribed yesterday with allocations to larger subscribers cut to around one-fifth of their applications.

The Bank of England, which acted as lead manager for the issue, declined to disclose the total amount subscribed, but City merchant bankers yesterday estimated it at between three and five times the £75m sought by the borrower.

This was far above the subscription levels to other bull-dog bonds, and is thought to reflect certain special aspects of the issue, besides the fact that it benefited from the rare backing of the Bank of England as lead manager.

A greater proportion than usual of the subscriptions came from outside the U.K., bankers said.

The EIB was lucky to the market with a partly paid issue at a time when the gilt market was performing very strongly. Partly paid issues allow investors to speculate on future declines in interest rates without putting too much cash up front.

It is also the only spratational borrower at the longer end of the bulldog market and interest is to be paid gross, bankers said. The 11 per cent bonds, mature in 2003 and were priced at 97.51.

Continental Illinois earnings halved

By PAUL TAYLOR IN NEW YORK

TWO MAJOR U.S. banks yesterday reported an improvement in third quarter earnings. However, Continental Illinois posted a 52 per cent decline in earnings, and all the results bear the scars of recent financial failures.

Chase Manhattan, the New York-based bank announced a 7 per cent improvement in its third quarter earnings to \$124m or \$3.24 a share before securities transactions, up from \$116m or \$3.28 a share in the same period last year.

The results were the second highest in the bank's history and followed the disastrous second quarter \$16.1m loss which resulted from the bank's dealings with the failed Drysdale Government Securities firm.

The bank which reported a \$1m second quarter loss as a result of its involvement with the failed Penn Square Bank in Oklahoma City, said its latest results reflected the continuing weakness of the U.S. economy which has made it prudent to increase loan loss provisions, and the continuing effects of the Penn Square collapse.

All three banks reported sharply higher loan loss provisions, loan write-offs and non-performing loans.

Chase increased its loan loss provision by 44 per cent to \$75m in the third quarter compared to the same period last year. Manufacturers Hanover, which was also hit by the Drydale Affair, increased its provision by 7.6 per cent to \$44.4m, and Continental increased its reserve for credit losses by \$68m to \$90m.

Chase reported third quarter loan write-offs of \$88m against \$24m. Manufacturers Hanover incurred net charge-offs of \$27.4m against \$17.7m and Continental wrote off \$181m, which included \$100m of losses resulting from loans purchased from Penn Square, compared with \$17.5m last year.

Non-performing loans reported by Chase at the end of September totalled \$1,208m compared with \$800m at the end of the same quarter last year and \$1,050m at the end of the second quarter.

The bank said that at the end of the latest period about \$180m of loans purchased through Penn Square were non-performing and that the net positive impact of the non-performing loans on third quarter earnings was about \$22m.

Manufacturers Hanover has yet to release details of its non-performing loans. Continental figures showed that its non-performing loans had increased from \$458m at the end of the third quarter last year to \$1.3bn at the end of the second quarter this year to \$2bn. The latest figure includes \$500m of loans bought from Penn Square and represents 57 per cent of the bank's total loan portfolio.

International edition of Fortune planned

By Our New York Editor

FORTUNE MAGAZINE, the U.S.-based fortnightly business magazine, is to launch an international edition on January 10.

Mr Edward Lenahan, its publisher, said the edition would be called Fortune International. It will contain most of the articles and features in Fortune, with an additional international business section.

The magazine plans to expand its offices in Europe and Asia.

Superior Oil coupon 'too low'

By ALAN FRIEDMAN

SUPERIOR OIL, the U.S. energy company, came to the Eurobond market yesterday with the lowest coupon seen for more than two years, and got a cold shoulder from investors.

Superior's issue is a \$100m 10-year bond bearing an 11 per cent coupon at par. The paper may be called back by Superior after the seventh year at a price of par. Lead managers are Morgan Stanley and Credit Suisse First Boston.

Co-managers of the Superior deal said last night the pricing had been "too optimistic" and had been based upon a more euphoric buying market than now exists. As of last night, the pre-market quote on Superior was a discount of more than 2 per cent.

Although yesterday saw an active two-way trading market, fixed-interest bonds gained only 1/2 to 3/8 point on the day, compared to the rise of more than 1 1/2 per cent of the issue in

two points during the first two days of this week. Dealers said the market was consolidating its position, but stressed that their expectations remained fundamentally bullish.

Other issues out during the past 24 hours include a \$125m seven-year bond for Manitoba—led by Wood Gundy—and another Deutsche Bank issue, a \$100m five-year deal bearing a coupon of 11 1/2 per cent at par.

The Deutsche Bank issue, the borrower's third in the past three months, is another interest-free swap transaction. An unnamed U.S. bank, acting as counterparty, will take on the fixed-rate obligation and Deutsche Bank will receive floating rate funds.

In the Eurosterling sector, SNCF, the French railway, is launching its debut issue, a \$30m seven-year 11 1/2 per cent partly-paid bond priced at 99 1/2 to 1 point on the day, compared to the rise of more than 1 1/2 per cent of the issue in

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly.

NORTH AMERICAN QUARTERLIES

Table with columns for various companies (AUTOMATIC DATA, BANCAL TRI-STATE, BAXTER TRAVENOL, DOUGER CORPORATION, GANNETT, INTERNATIONAL MINERALS, LENOX, MEAD CORPORATION, MERSBETH, NORTH AMERICAN COAL, PPG INDUSTRIES, RAYTHEON, TEXAS COMMERCIAL BANKERS, WILLAMETTE INDUSTRIES) and their financial data for 1982 and 1981 quarters.



Kingdom of Spain £100,000,000 Term Loan

Lead Managed by Allied Irish Banks Limited, Banco de Bilbao, S.A., The Bank of Nova Scotia Group, The Bank of Tokyo, Ltd., County Bank Limited, The Dai-Ichi Kangyo Bank, Limited, Lloyds Bank International Limited, National Westminster Bank PLC

Co-Managed by Banca Nazionale del Lavoro, Banco Exterior-U.K., Banco de Vizcaya S.A., The Taiyo Kobe Bank, Limited

Provided by Allied Irish Banks Limited, International Westminster Bank PLC, County Bank Limited, The Dai-Ichi Kangyo Bank, Limited, Central Trustee Savings Bank Ltd., Istituto Bancario San Paolo di Torino, The Sanwa Bank, Limited

Agent Bank Lloyd's Bank International

Table listing international bonds with columns for country, issue details, bid/offer prices, and yields.

Table listing international bonds with columns for country, issue details, bid/offer prices, and yields.

Vertical text on the right edge of the page, possibly a scan artifact or page number.





U.S. \$25,000,000



**Bergen Bank A/S**

(Incorporated in the Kingdom of Norway with limited liability)

Floating Rate Capital Notes Due 1991

In accordance with the provisions of the Notes, notice is hereby given that for the three month interest period from 15th October, 1982 to 17th January, 1983 the Notes will carry an interest rate of 10 7/8% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$27.25.

Credit Suisse First Boston Limited  
Agent Bank.

U.S. \$100,000,000



**Allied Irish Banks Limited**

(Incorporated in the Republic of Ireland under the Companies Act, 1963)

Floating Rate Notes 1992

Subordinated as to payment of principal and interest

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from 15th October, 1982 to 15th April, 1983 the Notes will carry an interest rate of 10 7/8% per annum. The relevant interest Payment Date will be 15th April, 1983 and the Coupon Amount per U.S. \$10,000 will be U.S. \$537.15.

Credit Suisse First Boston Limited  
Agent Bank.

Istituto per lo Sviluppo Economico dell'Italia Meridionale



**Isvemer**

U.S. \$75,000,000  
Floating Rate Notes due 1989

In accordance with the provisions of the Notes notice is hereby given that for the six month interest period from October 15th 1982 to April 15th 1983 the Notes will carry an interest rate of 11% per annum. The Coupon amount payable on Notes of U.S. \$10,000 & U.S. \$100,000 will be U.S. \$556.11 & U.S. \$5561.11 respectively.

Reference Agent Bank

**Italian International Bank Limited**



**The Industrial Bank of Japan Finance Company N.V.**

U.S. \$50,000,000  
Guaranteed Floating Rate Notes Due 1987



In accordance with the provisions of the Reference Agency Agreement between The Industrial Bank of Japan Finance Company N.V., The Industrial Bank of Japan Limited and Citibank, N.A., dated November 26, 1979, notice is hereby given that the rate of interest has been fixed at 10 1/4% pa. and that the interest payable on the relevant Interest Payment Date, April 15, 1983 against Coupon No. 7 will be US\$540.31.

October 15, 1982, London  
By: Citibank, N.A. (CSI Dept) Reference Agent **CITIBANK**

## Second-quarter recovery at Honda

BY YOKO SHIBATA IN TOKYO

HONDA MOTOR, the world's largest motorcycle manufacturer and the fifth largest Japanese car maker, reported a slight fall in consolidated net profits for the first half ended August 31. A strong recovery however, in the second quarter with net profits rising by 46 per cent, leaves the company optimistic of record full-year earnings.

First-half net dipped by 6.8 per cent to ¥36.3bn (\$137m) while sales rose by 17.2 per cent to ¥1,140.9bn (\$43.9bn). Motorcycle sales totalled 1,967,000 units, up by 9.5 per cent, yielding a 17.9 per cent rise in value and accounting for 27.5 per cent of total turnover. The introduction of 24

new models helped domestic motorcycle sales to climb by 52 per cent to 941,000, a 67.7 per cent rise in value terms. Overseas sales fell by 13 per cent to 1.03m, but rose in value terms by 1.1 per cent.

Sar sales edged ahead 2.8 per cent to 558,000 vehicles, or by 13.9 per cent in value to account for 52.9 per cent of total turnover. Domestic car sales totalled 191,000, up by 15.3 per cent, thanks to booming sales of 1.2 litre City cars. Overseas sales slipped by 2.9 per cent to 367,000, although rising by 12 per cent in value.

Reflecting the expanded ties with overseas manufacturers such as BL in the UK and Peugeot in France, Honda's sales of parts jumped 22 per cent to account for 14.2 per cent of turnover.

The sharp depreciation of the yen's value against the U.S. dollar accounted for ¥48bn of the improvement in consolidated sales and ¥2.3bn in net profits. Exchange gains were, however, offset by higher sales expenses in Europe, where the market "was unfavourable."

Research and development costs rose by 52 per cent to equal 4 per cent of turnover against the previous year's 3.2 per cent. This rise reflects accelerated development of new subcompact cars and the intro-

## Kaiser Aluminum sells Comalco stake for A\$361m

BY LACHLAN DRUMMOND IN SYDNEY

KAISER Aluminum and Chemical Corporation of the U.S. has sold its 45 per cent stake in Comalco, the Australian integrated aluminium group, to its partner, CRA, and the Australian Mutual Provident Society (AMP) for A\$361m (US\$352m).

CRA, the resources group about 57 per cent owned by RTZ of the UK, will pay A\$246.8m for a further 30 per cent stake to add to its existing 45 per cent holding in Comalco, while the AMP, Australia's largest institution investor, will outlay A\$115m for 15 per cent to add to the 1.5 per cent already held.

CRA will seek to sell part of its 75 per cent holding to other local institutions and will also pay a further A\$50m to Kaiser to cover a loan extended by the U.S. group to Comalco. CRA is paying A\$2.20 a share and AMP A\$2.05 against a Comalco close yesterday of A\$2.25.

The sale by Kaiser has been mooted for some time and comes against a background of disagreements over the future for Comalco, which has been in an expansive frame of mind, while Kaiser has suffered the worst of the world aluminium downturn, with its U.S. plants now operating at 26 per cent of capacity.

Mr A. S. Hutchcraft, the Kaiser president, said yesterday the move was in-line with the company's strategy of reorganising its aluminium business. He pointed out that Kaiser had had a limited role in Comalco's management.

Comalco's operations include the Weipa bauxite mine on the Gulf of Carpentaria, with a capacity of 11m tonnes a year, 30 per cent of the 2.33m-tonne a year Queensland Alumina refinery, 20 per cent of the 700,000-tonne a year Emu-mina refinery in Queensland, 50 per cent of the Tiwai Point aluminium smelter in New Zealand, which has been expanded to 244,000 tonnes a year, and the 117,000-tonne a year Bell Bay Smelter in Tasmania.

Kaiser intends to maintain a presence in Australia by retaining a 20 per cent stake in Boyne Island and a 28.3 per cent holding in Queensland Alumina.

## Gwalior Rayon blames imports for setback

BY R. C. MURTHY IN BOMBAY

GWALIOR RAYON Silk Manufacturing (Weaving) Company, ranked fourth by assets in the private corporate sector, suffered a setback to its profits in the year to March. The pulp and fibre divisions, contributing two-thirds of the total sales turnover, were affected by "discriminate imports," says Mr Aditya Vikram Birla, the chairman.

Turnover rose by 10.58 per cent to Rs 3,25bn (\$349m) from Rs 2,94bn a year earlier. Pre-tax profits fell by 27 per cent to Rs 120.8m from Rs 165.3m. Net profits fell by 28 per cent to Rs 65.7m from Rs 91.5m. The company is part of the Birla group.

Over the past three years, the Government has allowed imports of viscose staple fibre with a 10 per cent import duty against a 35 per cent duty previously. As a result of higher imports Gwalior Rayon worked

its staple fibre plant at 40 per cent of installed capacity in fiscal 1982 while the only other unit in the industry was closed.

Mr Birla believes that recession-hit foreign manufacturers took advantage of the low import duty to dump viscose staple fibre in India. The Government has since reviewed the situation and raised the import duty to 20 per cent.

Gwalior Rayon also manufactures textiles and caustic soda as well as viscose staple fibre making machinery. Power shortage reduced the utilisation of caustic soda manufacturing to 70 per cent. The Government has approved a Rs 100m investment by Gwalior Rayon to expand its caustic soda plant to 54,750 tonnes per year.

The company proposes to diversify into cement production with an 800,000 tonnes a year plant in Madhya Pradesh in central India.

## Korean Explosives takes partners for Dow deal

BY ANN CHARTERS IN SEOUL

KOREA EXPLOSIVES, which earlier this week agreed to pay U.S. \$80m for the Korean assets of Dow Chemical of the U.S., is to bring four local partners into the deal. This approach is favoured by the South Korean Government, which believes the wider ownership will help restructure the country's petrochemical industry. The exact shareholding of each is yet to be determined.

The Lucky group, the Sunkyong group, Honam Ethylene and the Hyosung group will join with the Korea Explosives group to purchase Dow's equity.

Dow Chemical's decision to sell its South Korean operations means it will not recover what it has invested in the country, but it will at least stem further losses. The U.S. company has invested a total of \$145m through its wholly-owned Dow Chemical Korea and its joint venture, Korea Pacific Chemical Corporation, in which Dow held 50 per cent of the equity. Dow Korea posted a \$42m loss and KPCC lost \$18m in total for 1980 and 1981.

The opportunity for Dow to sell its holdings arose during continuing discussions on a merger of the two companies, proposed by Dow 18 months ago as a way to rationalise the operations and cut losses. The merger, unacceptable to some of the shareholders in Dow's partner in KPCC, was held up and had already caused Dow to take its partner to court. The main objection was that Dow would have a majority in the merged company.

Dow's decision to sell came as a surprise. As recently as two months ago, this was not considered a viable alternative. But the sale received the support of the Korean Government and Dow has offered to provide technical support to the two companies.

Korea is trying to rationalise its petrochemical industry which is plagued by excess capacity and high production costs. Losses by Dow's two investments stemmed in part from the fact that the companies were not operated as an integrated unit and facilities were expanded just when the market downturn started. Friction between Dow officials and Korea management also hampered the joint venture.

## Malaysia shares inquiry arrests

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN POLICE have arrested three people in their investigations into a syndicate which has flooded the Kuala Lumpur Stock Exchange with false share certificates. More arrests are expected, the police said.

One of those arrested had in his possession 137 counterfeit share certificates of Malayan United Industries and is believed to have sold off a further 30 certificates in the market.

In the past three months, a syndicate, taking advantage of the surge in buying interest, has flooded the Malaysian market with false certificates of popularly traded companies such as MUL, Supreme Corporation, Genting, Magnum and Pegi.

The five companies discovered the forgeries when they were turned in for registration and have warned brokers

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Goldman Sachs International Corp.	Union Bank of Switzerland (Securities) Limited
Merrill Lynch International & Co.	S.G. Warburg & Co. Ltd.
Morgan Guaranty Ltd	
Amro International Limited	LTCB International Limited
Arab Banking Corporation (ABC)	The Nikko Securities Co., (Europe) Ltd.
CIBC Limited	Nomura International Limited
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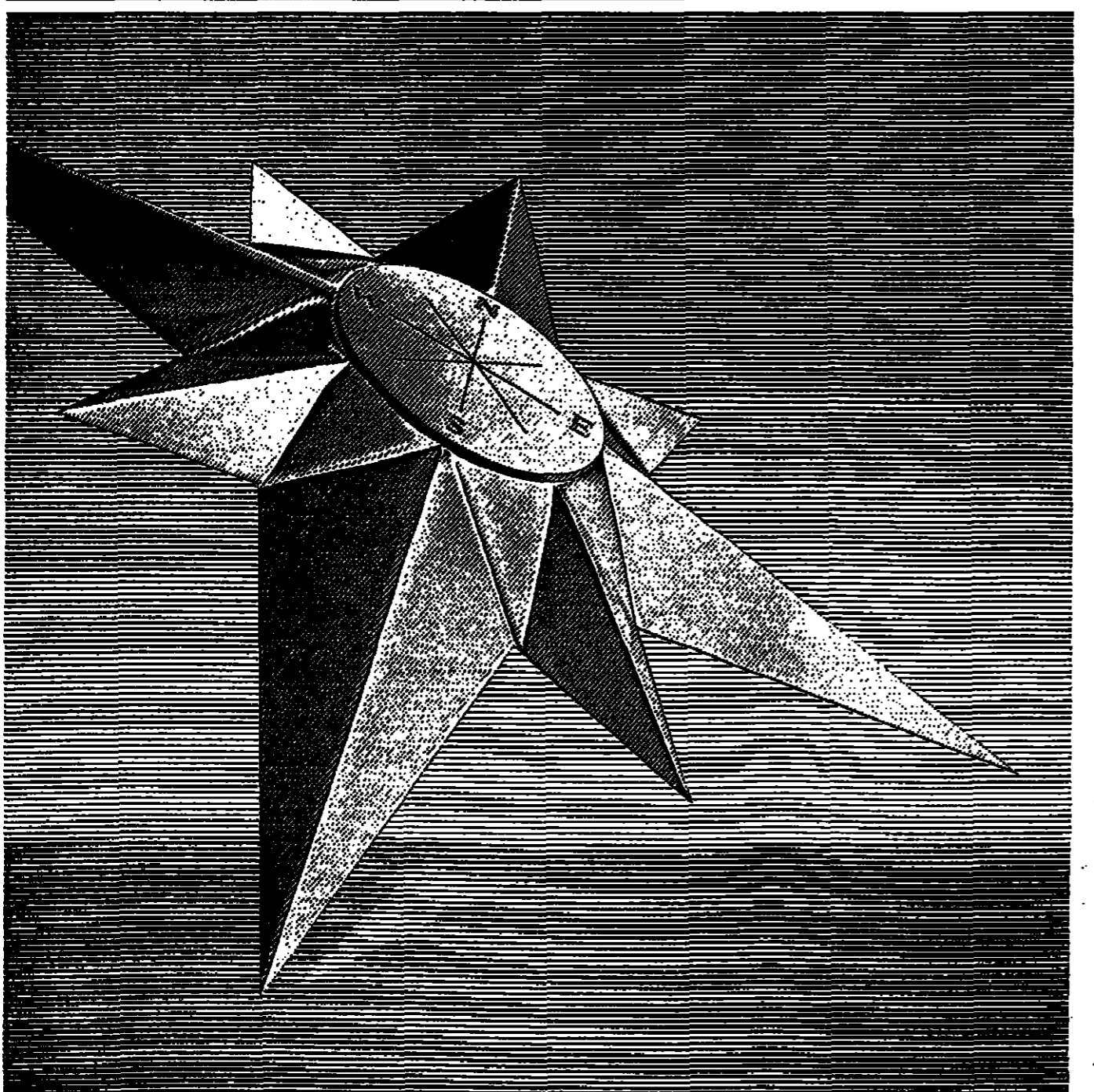
October, 15, 1982

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# FINANCIAL TIMES SURVEY

Friday October 15, 1982

مكتبة

## YORKSHIRE AND HUMBERSIDE

The region's industrial base has an uncomfortable dependence on traditional manufacturing and is short of new ventures involving high technology. Nevertheless, 2,500 companies have notched up direct overseas sales of £4bn

### Area abounds in sharp contrasts

BY NICK GARNETT, Northern Correspondent

FEW REGIONS of the UK offer such a stark contrast of fortunes as those in Yorkshire and Humberside. An area with 5m inhabitants, contributing 8 per cent of Britain's GDP, its great commercial and manufacturing cities lie amid huge tracts of high-grade agricultural land, which in the east rolls out to the deep-water Humber estuary, the home of one of the country's most important groups of ports.

The recession has bred a new crop of disparities. Some communities, like Rotherham and Mexborough, in industrial South Yorkshire, have more than a fifth of their workers without jobs. The whole of the rural county of North Yorkshire, in contrast, has an unemployment rate less than half that. Across the region, 15 per cent are unemployed, just above the UK average.

Some areas have endured drastic rupturing of whole industries, as part of the reshaping of the UK economy. West Yorkshire's woollen textile industry began a round of mutilation, in 1980 and a savage knife has been cutting more recently through metal manufacturing in South Yorkshire.

Some communities, afflicted by a steady withering of their employment base, have also been hit by a single, big

closure, which in one bite eats up a large chunk of manufacturing. Last year's shutdown of BSC's Normandy Park steel works in Scunthorpe, Humberside, with the loss of 4,200 jobs has lifted unemployment in the area to 25 per cent.

Much of the region has simply suffered from a gradual industrial erosion, punctuated by a few relatively large-scale closures, the latter a phenomenon which has struck both Bradford and Halifax in the past year.

#### Export records

These convulsions, however, are not the whole story. Last year, 2,500 companies in the region notched up an estimated £4bn in direct overseas sales. Companies like Davy McKee have outstanding exporting records.

A range of big industries are more than holding their own and have shown impressive productivity gains. The £1bn development of the Selby coalfield on stream next year will be Europe's biggest single mining complex, bolstering the region's powerful presence in the energy field.

Agriculture has been thriving and the Yorkshire and Humberside Tourist Board has

been a star performer in marketing a beautiful countryside. There are also some controversial symbols of potential, like the £85m Humber Bridge opened last year, and the £25m Harrogate conference centre.

There are many common factors in the region, even though it has no cohesion. Excellent communications have been further enhanced by new motorways in the East, and the runway extension under construction for the Leeds-Bradford airport at Yearton. Top marks for distribution have been recognised by companies like Elida Gibbs, which has built a national distribution centre at Castleford. The labour force is characterised by ingenuity and non-militancy.

The region's industrial profile has an uncomfortable dependence on traditional manufacturing, and, like the North West, is short of high technology ventures. Systems, the fast-growing Leeds computer company, is an exception, as are the small number of information technology companies in Bradford, such as Microvitec and IQ Technology.

According to Manpower Services Commission figures, metal manufacture and metal goods have each shed about 28,000 jobs in the four years to March this year, and there have been more losses since then. Shipbuilding, marine and other forms of engineering have shrunk by 30,000 over the same period and construction by 20,000.

Employees in all manufacturing, mining and agriculture have slipped from 700,000 to 550,000 over that period, but employment in service indus-

tries has remained steady. A worry still looming over the horizon is that the region may soon be excluded from EEC development grant aid, because of proposed changes in the way the Commission views need.

#### Three tiers

The regional economy can be examined through the eyes of industry, and county by county. Taking the first: the level of discomfort in manufacturing is reflected in three tiers of performance.

A spread of companies are not doing too badly. These include those in the household goods and food industries. The latter is very important in the region, with Northern Foods and McCain, other big frozen food manufacturers on Humberside, and half a dozen producers of confectionery, itself a major industry in York. Pharmaceuticals with companies like Reckitt and Colman at Hull and fine chemical manufacturers, including Ciba Geigy at Grimsby and Sturge in Selby are in the same position.

Information technology companies are doing well, and electrical engineering, some householders, and an array of small companies have their heads well above the water line. Engineering concerns, like Hopkinsons at Huddersfield, have been demonstrating great technical skills.

In the middle range of health are a number of textile and clothing concerns with both Dewhurst at Driffield and SR Cent in Barnsley making the most of their important supply positions. Many textile com-

panies, though, are living hand-to-mouth.

The glass container market is still languishing in the doldrums, but the Yorkshire industry has made major strides in productivity with Beatson Clark improving profits and Redfern National cutting its losses.

Metal manufacture is the big, troubled sector and rationalisation in the Sheffield steel industry is continuing with the merger of Firth Brown and the BSC River Don works. Companies in the machine tool industry with a big presence in Halifax are under strain and probably need to modernise products further.

The carpet industry has been relieved of murderous U.S. competition, and managements are now less downcast, but the industry is still far from buoyant. Crossley and Hombray have both closed down in Halifax.

Mr Brian Bigley, the CBI's regional director, says companies cannot determine where growth will come from, and that price constraints are becoming harsher. He believes, however, that the really big labour shakeouts have come to an end.

North Yorkshire stands on its own in being so dominantly rural and with an unemployment level well below the national average, at 9.7 per cent. It has lost its intermediate area status, except for the employment black spots of Whitby, Scarborough, and Richmond.

It has put a lot of effort into promoting small businesses, but has also some examples of medium and large companies

with good performance records, like Farnell Instruments at Wetherby and Boroughbridge. It will benefit from the development of the single drift mine and five shaft mines on the Selby coalfield.

West Yorkshire, with a 14.2 per cent unemployment rate, has lost its intermediate area status, apart from Bradford, which has been knocked by recent closures or cutbacks affecting GEC, International Harvester, and Rank Wharfedale. Its county council, based in Wakefield, has just set up a business-aid enterprise agency, which has now been developed as a decision criticised by the local CBI.

Leeds remains a powerful financial and regional administration centre, which includes a Bank of England operation,

government department regional offices, and insurance company headquarters. The county as a whole is the home of a clutch of building societies. On the other hand, the hilly terrain of the Upper Calder Valley, running from Halifax up to Todmorden may make it very difficult for that area to compete for new industry.

Humberside has an unemployment rate of 16.5 per cent, which has now been caught up by South Yorkshire. The latter has retained its assisted area status, with the exception of Sheffield, but Rotherham and Mexborough were, and still are development areas.

The special steel industry, based in Sheffield, has been per cent of the UK's seaborne trade passes through its four ports.

development remains high

- The Selby Coalfield: a £1,000m mining complex
- Sheffield and the steel industry: balancing the rationalisation in steel and engineering, the city has had considerable success in attracting white collar employment
- Regional promotion:
- Leeds: the city attracts new industries

II

II

III

III



As a region, Yorkshire and Humberside has strength in a number of areas on which to draw, as it seeks to overcome structural problems in its economy. The region has been attempting to diversify its structural base and has a range of projects from industrial promotion schemes to the new Selby coalfield.

On the next two pages, this survey highlights the following developments:

- Humberside: the potential for de-

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**COMMITTED WORKFORCE**  
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**SKILLED LABOUR**  
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WORLD STOCK MARKETS

Dow sheds 7.6 in early trade

AFTER WEDNESDAY'S fresh upsurge to a 17-month high, Wall Street was held back yesterday morning by profit-taking concentrated in Blue Chip issues, and the market made a mixed overall showing at mid-session.

The Dow Jones Industrial Average Blue Chip indicator receded 7.63 to 1,007.89 at 1 p.m. but the NYSE All Common Index last just 2 cents to 375.25 and rose 1.39 to 2,993.9 and Golds 12.4 to 290.3.

Michael Metz, of Oppenheimer and Co., said a "two-tier market" is developing as the Blue Chip stocks that led the market during its recent rally start to fade and speculative and energy-related issues move higher.

The big institutions are stepping aside and consequently the heavily capitalised, stocks favoured by the market are falling off, he added.

Oil Services stocks were particularly strong. Analysts said the group is benefiting from expectations of an increase in drilling activity that may result from the Federal Government's sale of issues off the Alaskan North Slope on Wednesday.

Four third-quarter earnings reports knocked down several stocks. Continental Illinois, the second most active stock, fell \$2 to \$21 after reporting a drop in operating earnings to 81 cents a share from \$1.70 last year.

Other stocks that fell in lower earnings include Eastman Kodak, down 1/4 to \$9 1/4. Raychem, a PPG-51 to \$44. Chase Manhattan gain 1/4 to \$49 despite reporting a slight decline in earnings.

Closing prices for North America were not available for this edition.

THE AMERICAN SE - Market Value Index advanced 4.08 more to 318.87 at 1 p.m. - Volume 6.54m shares (8.80m).

Canada

Markets advanced fresh in further active early dealings, but were below the morning's best at mid-session. The Toronto Composite Index was up 53 to 1,505.4 at noon, while Oil and Gas rose 54.7 to 2,993.9 and Golds 12.4 to 290.3.

Tokyo

Caution over the recent sharp rally on the Tokyo stock market brought profit-taking yesterday, but a partial late afternoon rally left stock prices closing on a mixed note.

The Nikkei-Dow Jones Average, after receding some 40 points, recovered to end slightly higher on the day at 74.50, up 3.28 but the Tokyo SE index lost 1.39 to 522.68. Trading slowed from the recent fast pace, volume contracting to 390m shares from Wednesday's 590m.

Investors and operators tended to hold off to see who will recede during Prime Minister Zenko Suzuki, and whether economic policies will be changed by a new Administration.

However, sparking off the late rally were rumours that Hitachi, now facing charges of stealing IBM computer secrets, may reach an out-of-court settlement with the U.S. computer maker. Hitachi was finally a net Y5 up at Y75.

Other Computer issues rallied, with Hitachi, while Oils and Machines advanced, but Motors turned sharply lower.

Sony gained Y80 to Y3,230. Nippon Oil Y28 to Y880. Toyota Y17 to Y782. Komatsu Y17 to Y784. Hitachi Y17 to Y781. Fuji Heavy Y22 to Y822.

In contrast, Toyota Motors shed Y28 to Y858. Honda Y27 to Y780. Nissan Y27 to Y780. Kawasaki Heavy Y7 to Y785. Daihatsu Heavy Y6 to Y290. Toyota

Y8 to Y380. Nippon Steel Y5 to Y135, and Toshiba Y10 to Y364.

Germany

Leading shares failed to hold early good gains, posted on the back of Wall Street's 17-month high overnight, and retreated in a moderately active session to finish mixed.

Dealers cited strong profit-taking after the recent rally, with the downturn led by Stoerger issues. Brokers theorised that the market saw the financial and economic reforms contemplated by the new Government of Chancellor Helmut Kohl as a threat to consumer purchasing power.

There were also rumours of a sharp fall in earnings by Karstadt, which retreated DM 7.90 to DM 212.50. Glueckert in the Stoerger declined DM 6 to DM 180 and Herten DM 4 to DM 126.

Public Authority Bonds advanced fresh in step with a strong New York closing the previous day, recording rises extending to 90 pence. The Bundesbank sold DM 37.5m of stock.

Paris

Shares forged ahead in active trading, bolstered by Wall Street's fresh surge overnight and assurances from French Economics Minister Jacques Delors that domestic interest rates will come down. Advances led declines by five-to-one in the French section and the indicator of Tandance index rose 2.5 to 120.0.

Hong Kong

Speculators gave some support to Hong Kong markets yesterday, getting partially into the bull market continuing to prevail on Wall Street on Wednesday.

Trading, however, remained thin. Brokers described the improvement largely as a belated response to the Wall Street upsurge but local interest rates might be coming down soon. However, several analysts said they had strong doubts about an

interest cut here at this time because the local currency is still very weak against the U.S. dollar.

Speculators, traders added, have become used to the uncertain political environment and are slowly moving back into the market.

The Hang Seng Index edged up 77.31 to 894.56, while turnover totalled HK\$24.99m on the four exchanges. The market closed against HK\$13.29m in the short Wednesday session.

Australia

Stock prices were mixed at the close on a session featuring heavy trading in several stocks on take-over speculation.

Minus issue CRA fell initially on a rumour that it was about to ask shareholders for more cash. A rumour then spread that CRA was making a bid for the publicly-held shares in Comco, fuelled by reports of several sizeable block trades in Comco at prices above the market level. The situation was eventually resolved when it was learned that Kaiser Aluminium and Chemical was selling its 45 per cent equity stake in Comco to CS and the AMP Society. Australia's largest insurance company, CRA, after failing to A\$3.60, subsequently picked up to A\$3.80, only 10 cents lower on the day. Comco also lost 10 cents to A\$2.18.

Johnannesburg

The strong rise in the London price lifted Gold shares sharply, but activity was somewhat restricted by overseas interest curbed by the higher Financial Rand.

Randfontein moved ahead B5 to R113. Buffels R3 to R60. Y2 some R2 to R12.5 and Santes R2 to R12.5. The Johannesburg Golds followed Golds with Rustenburg climbing 35 cents to R235. Diamonds had De Beers 20 cents up at R740, but Mining Financials were mixed with mainly small movements.

NEW YORK

Table of New York stock market data including columns for Stock, Oct 12, Oct 13, Oct 14, Oct 15, and various indices like Dow Jones, S&P 500, etc.

STOCK

Table of individual stock prices and changes for various companies like IBM, AT&T, etc.

CANADA

Table of Canadian stock market data including indices and individual stocks.

DENMARK

Table of Danish stock market data including indices and individual stocks.

HOLLAND (continued)

Table of Dutch stock market data including indices and individual stocks.

AUSTRALIA

Table of Australian stock market data including indices and individual stocks.

JAPAN (Continued)

Table of Japanese stock market data including indices and individual stocks.

NEW YORK

Table of New York stock market indices and active stocks.

INDICES

Table of various international stock market indices.

CANADA

Table of Canadian stock market indices.

DENMARK

Table of Danish stock market indices.

HOLLAND (continued)

Table of Dutch stock market indices.

AUSTRALIA

Table of Australian stock market indices.

JAPAN (Continued)

Table of Japanese stock market indices.

GERMANY

Table of German stock market indices.

HONG KONG

Table of Hong Kong stock market indices.

SINGAPORE

Table of Singapore stock market indices.

SOUTH AFRICA

Table of South African stock market indices.

Vertical advertisement on the right edge of the page, including 'More Equity', 'FINANCIAL', 'HIGHS AN', 'EQUITY GROW & SUB-SECT', and 'FIXED'.

More specialised markets see index-linked Gilts jump Equity index loses early rise to close unchanged

Account Dealing Dates... First Declaring... London stock markets became highly specialised yesterday.

per cent Convertible 1986 also finished a half-point rise and... The issue of 176m European Investment Bank 11 per cent 2002 was oversubscribed.

lowest level for four years... Further bad news for already shell-shocked mail orders... Among Shires, press-inspired recovery hopes lifted Pittard.

to fill, after touching an all-time peak of 514... The sharply increased interim profits and the chairman's cheerless statement prompted a gain of 4 to 65p in Baxi.

higher at 192p, subsequently settled at 186p for a net gain of 10, while Sovereign closed with a similar improvement at 245p... Golds/Platinum surge

The latest upsurge in precious metal prices—bullion advanced 320 to 845.5 an ounce and free market platinum jumped 326 to 5477—prompted heavy gains in the London African Gold and Platinum while the strength of copper and other base-metals encouraged substantial improvements in leading base-metal producers.

Table with columns: Issue price, Amount raised, High, Low, Stock, Closing price, % change

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FINANCIAL TIMES STOCK INDICES table with columns: Index, Oct 14, Oct 13, Oct 12, Oct 11, Oct 10, Oct 9, Oct 8, Oct 7, Oct 6, Oct 5, Oct 4, Oct 3, Oct 2, Oct 1, Year ago

HIGHS AND LOWS table with columns: Stock, High, Low, S.E. ACTIVITY

Home Banks dull... Adverse comment in the wake of the 4-point cut in base lending rates to 8 1/2 per cent.

ICI met renewed support and touched 315p before reacting on end-Account influences to close just 2 dearer on balance at 308p.

Green's Economist became a dull counter in Engineering, falling 12 to 192p low of 76p following the interim profits set back.

Glaxo roar on... Glaxo continued its meteoric rise among the miscellaneous industrial leaders, rising 4 further

RECENT ISSUES table with columns: Issue price, Amount raised, High, Low, Stock, Closing price, % change

ACTIVE STOCKS table with columns: Stock, Closing price, % change

WEDNESDAY'S ACTIVE STOCKS table with columns: Stock, No. of Wed. days, Change, % change

FT-ACTUARIES SHARE INDICES

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Thurs Oct 14 1982, Index, % change

FIXED INTEREST table with columns: PRICE, Yield, % change

NEW HIGHS AND LOWS FOR 1982

Table with columns: NEW HIGHS (317), NEW LOWS (32), RISES AND FALLS YESTERDAY

OPTIONS... First Last For Deal... Options improved and calls were transacted in ICI, Glaxo, Fremantle, OIL, Chloroform, Empire Stores, Land Rover, Loughry, First National Finance, Quest Automation, New Transport, North Kalgarli, Bio-Isolates, Trident TV, Turner and Newall, Howard Machinery, Grand Metropolitan, Charter Consolidated, Suter and Land Securities.

WORLD VALUE OF THE DOLLAR

Table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR





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INSURANCES

Table listing various insurance companies and their details, including names, addresses, and contact information.

INSURANCE & OVERSEAS MANAGED FUNDS

Main table listing insurance and overseas managed funds, organized into columns with fund names, descriptions, and financial data.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds, including fund names and details.

NOTES: Additional information and disclaimers regarding the fund listings.

FT SHARE INFORMATION SERVICE



FOOD, GROCERIES—Cont.

LOANS—Continued

BANKS & H.P.—Cont.

CHEMICALS, PLASTICS—Cont.

ELECTRICALS—Continued.

Table of stock prices for Food, Groceries, and related sectors.

HOTELS AND CATERERS

Table of stock prices for Hotels and Caterers.

INDUSTRIALS (Miscel.)

Large table of stock prices for various industrial and miscellaneous companies.

ENGINEERING MACHINE TOOLS

Table of stock prices for Engineering and Machine Tools.

DRAPERY AND STORES

Table of stock prices for Drapery and Stores.

BEERS, WINES AND SPIRITS

Table of stock prices for Beers, Wines, and Spirits.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of stock prices for Building Industry, Timber, and Roads.

FOREIGN BONDS & RAILS

Table of stock prices for Foreign Bonds and Rails.

AMERICANS

Table of stock prices for American companies.

CANADIANS

Table of stock prices for Canadian companies.

BANKS AND HIRE PURCHASE

Table of stock prices for Banks and Hire Purchase.

ELECTRICALS

Table of stock prices for Electrical companies.

LOANS

Table of stock prices for Loans.

BRITISH FUNDS

Table of stock prices for British Funds.

Shorts (Lives up to Five Years)

Table of stock prices for Short-term investments.

Five to Fifteen Years

Table of stock prices for 5-15 year term investments.

Over Fifteen Years

Table of stock prices for Over 15 year term investments.

Undated

Table of undated stock prices.

Index-Linked & Variable Rate

Table of index-linked and variable rate investments.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table of international bank and overseas government sterling issues.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH AND AFRICAN LOANS

Table of Commonwealth and African loans.

LOANS Public Board and Ind.

Table of loans from public boards and industries.

A FINANCIAL TIMES MANAGEMENT REPORT

Consolidated Accounts in Europe

Text describing the E.E.C. Seventh Directive on Consolidated Accounts and its impact on companies.

Public Board and Ind.

Table of public board and industry loans.

CHEMICALS, PLASTICS

Table of stock prices for Chemicals and Plastics.

FOOD, GROCERIES, ETC.

Table of stock prices for Food, Groceries, etc.



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INDUSTRIALS—Continued

Table of stock prices for various industrial companies, including columns for Stock, Price, and % Change.

LEISURE—Continued

Table of stock prices for leisure-related companies, including columns for Stock, Price, and % Change.

PROPERTY—Continued

Table of stock prices for property-related companies, including columns for Stock, Price, and % Change.

INVESTMENT TRUSTS—Cont.

Table of stock prices for investment trusts, including columns for Stock, Price, and % Change.

OIL AND GAS—Continued

Table of stock prices for oil and gas companies, including columns for Stock, Price, and % Change.

DAIWA BANK logo and contact information, including Head Office in Osaka, Japan, and London Branch.

MINES—Continued

Table of stock prices for mining companies, including sections for Central African, Australian, Tins, and Miscellaneous.

MOTORS, AIRCRAFT TRADES

Table of stock prices for motors and aircraft trades, including sub-sections for Motors and Cycles, Commercial Vehicles, and Components.

SHIPPING

Table of stock prices for shipping companies, including sub-sections for Garages and Distributors and South Africans.

SHOES AND LEATHER

Table of stock prices for shoes and leather companies.

TEXTILES

Table of stock prices for textile companies.

NEWSPAPERS, PUBLISHERS

Table of stock prices for newspapers and publishers.

PAPER, PRINTING ADVERTISING

Table of stock prices for paper, printing, and advertising companies.

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OVERSEAS TRADERS

Table of stock prices for overseas traders.

PLANTATIONS

Table of stock prices for plantation companies.

TEAS

Table of stock prices for tea companies.

MINES

Table of stock prices for mining companies.

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Table of stock prices for mining companies.

REGIONAL AND IRISH STOCKS

Table of stock prices for regional and Irish stocks.

OPTIONS

Table of stock prices for options.

INSURANCES

Table of stock prices for insurance companies.

LEISURE

Table of stock prices for leisure companies.

OIL AND GAS

Table of stock prices for oil and gas companies.

DIAMOND AND PLATINUM

Table of stock prices for diamond and platinum companies.

